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TITLE OF THE THESIS
"GLOBALISATION AND ITS IMPACTS ON INDIAN ECONOMY"

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D E C L A R A T I O N

I hereby declare that thesis entitled **"GLOBALISATION AND ITS IMPACTS ON INDIAN ECONOMY",** to be submitted for the Ph.D. degree is my original work and no degree or diploma has been conferred on me before, either in this university or any other university.

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C E R T I F I C A T E

This is to certify that thesis entitled **"GLOBALISATION AND ITS IMPACTS ON INDIAN ECONOMY",** submitted by Mr. Sandip P. Solanki, for the award of Ph.D. degree in the faculty of Arts, is based on the research work carried out by him under my guidance and supervision. To the best of my knowledge and belief, it has not been submitted for any other degree or diploma, either in this university or any other university.

I also certify that this is his original work and it will enrich the existing literature on the theme.

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A C K N O W L E D G E M E N T

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INTRODUCTORY

> "Our primary concerns are that globalisation should benefit all countries and should raise the welfare of all people throughout the world. This implies that it should raise the rate of economic growth in poor countries and reduces world poverty, and that it should not increase inequalities or undermines socio-economic security within countries".
>
> – World Commission on the Social Dimension of Globalisation (2004).*

1. INTRODUCITON:

India started its economic planning in 1951s. Our plan objectives were: economic growth with stability, self-reliance, better income distribution and alleviation of poverty. We adopted the socialistic economic policy to attain these objectives.

As per the pursued policy, capital intensive and major industries were reserved to public sector and the rest were opened to private sector. Public sector received the priority and prominence in allocation of resources. Our country preferred the policy of controls, licensing and restrictions in giving permission to private sector and foreign investors. The exchange policy and industrial policy were in line with the above strategy. This is called closed economy approach.

The policies mentioned in the above paragraph suited well during the initial years of planning. However, their efficacy was lost thereafter. Our economic growth was slow and our problems started aggravating due to many reasons. Things went wrong because we continued to cling on to the policies and institutions long after they served their purpose. Other developing countries like Japan, China, Thailand, Korea and Indonesia liberalised their economies to global investments, competition and adopted

* Datt, Ruddar and Sundharam, K.P.M.(2006), "Indian Economy", pp. 265.

global technologies. These countries achieved faster growth and prosperity. India lost the opportunity of faster growth due to not adopting alternate policies.

The global development experience of the last few decades shows that a policy with fewer barriers and restrictions can bring about faster industrialisation, export growth and sustainable economic growth.

Though late, India looked for alternate economic policies during 1980s. The late Prime Minister Smt. Indira Gandhi began, after her return to power in 1980, to liberalise, though haltingly, the nation's economic policy and opening up of the economy to foreign investment and competition.

In other words, our economy slowly moved towards globalisation, which got a boost by the policy of her successor, the late Prime Minister Sri Rajiv Gandhi, and a thrust with the announcement of the New Economic Policy by the successive Prime Minister, Sri P.V. Narsimha Rao in July 1991. The then Prime Minister, P.V. Narsimha Rao stated that in the expanding globalisation of economy "India could not go underground." For economic prosperity, it was necessary for India to become an active participant in the world economic market.

In July 1991, the government of India embarked on a new economic policy with a vision of stabilisation of economy and restructuring it. The new trajectory of growth was based on the policy of liberalisation, globalisation and privatisation. The economic policy adopted since then, which is pursued as an alternative policy for planned development is popularly called the economic reforms or simply reforms.

The reform process involved dismantling the earlier policies, institutions and economic thoughts and installation of new set of policies, institutions and way of thinking.

The major policy change was opening up our economy for global interaction by way of trade, capital investment, technology transfer and market access. This was enabled by removal of restrictions, controls and bureaucratic/political hurdles. The market driven policies replaced the government intervention and activities reserved for public sector were reduced to the bare minimum. Non-performing public sector undertakings are being privatised or wound up to reduce further burden on the exchequer. Private sector is encouraged to participate in most of the activities and even foreign direct investment is allowed in many of the activities. All other policies, programmes and initiatives are aligned to facilitate better utilisation of scarce resources and attract investments from all around.

2. OBJECTIVES OF RESEARCH STUDY:

This study intended:-

1. To study the impacts of Globalisation on economic growth.
2. To study the impacts of Globalisation on primary sector.
3. To study the impacts of Globalisation on secondary sector.
4. To study the impacts of Globalisation on tertiary sector.
5. To study the impacts of Globalisation on poverty.
6. To study the impacts of Globalisation on employment growth rate.
7. To know the foreign exchange reserve after the Globalisation.
8. To check the inflation rate after the Globalisation.
9. To evaluate the role of Government after the Globalisation.

3. HYPOTHESIS:

For the fruitful result of this study, the following hypothesis is developed in order to test the same with reference to the above-mentioned objectives:

1. No positive impact of Globalisation has observed on economic growth in the nineties.

2. Impact of Globalisation on industrial growth is not up to the mark. It failed even to equal the performance observed in the eighties.

3. Foreign exchange reserve is positively affected due to the Globalisation.

4. Globalisation has not affected positively on poverty.

5. There is no positive effect of Globalisation on growth rate of employment.

6. Foreign investment has increased due to the Globalisation.

7. Globalisation has no positive effect on Balance of Trade and Balance of Payment.

8. Some Indian companies are facing stiff competition after the arrival of MNCs.

9. Rate of inflation has come down after the Globalisation.

10. Low FDI rate can be attributed to the government policies up to a large extent.

11. India can get much more benefits through opening up the economy.

4. RESEARCH METHODOLOGY:

The title of the subject itself says that it is a macro level analysis. Here we will not restrict our study at the micro level only, but we will expand it at macro level. In this analysis, we have focused on overall economic growth, industrial growth, foreign exchange reserve etc., which are macro parameters.

5. SOURCES OF INFORMATION:

The present study basically being secondary data based exclusively relies on the publications and the reports of the study terms and committees of the government of India and from individual researches. Along with, the various journals of education have been taken into consideration for the purpose.

The work necessitates primary data particularly which was collected by using schedules and conducting interviews.

6. RELEVANCE OF THE STUDY:

Relevance of the study is given below:

1. Since it is a macro level study, it includes macro level parameters, shows various effects of globalisation on different sectors of Indian Economy. Through knowing the positive and negative impacts of globalisation a complete and dynamic globalisation policy can be formulated according to the need of the time.

2. Through knowing competitiveness of the particular sector the government can take the appropriate steps to strengthen that particular sector.

3. It is hoped that the study will prove useful to the researchers and students of Economics, Businessmen and Government Executives concerned with the formulation and execution of economic policies. It is also useful to common readers interested in knowing the changes that are taking place in our economy.

7. LIMITATION OF THE STUDY:

The following are the main limitations of this study:

1. This study does include the effects of globalisation on primary sector.

2. This study includes the effects of globalisation on secondary sector

3. This study does include the effects of globalisation on tertiary sector.

4. This study includes the effects of globalisation on overall economy viz., impacts on economic growth, employment, poverty, foreign reserve, balance of payment etc.

5. The study of impacts of globalisation has been carried out at all India level.

6. Non –availability of required data.

7.1 TIME PERIOD OF THE STUDY:

Globalisation is the part of economic reforms, which were introduced in India in 1991, by the congress (I) government led by Mr. P.V. Narsimha Rao. Globalisation has completed its 16 years in India and this can not be considered as too short a period to assess the impacts of globalisation on Indian economy. Here we have included 14 years period of time starting from 1991 to 2005 to focus the impacts of globalisation on different aspects of Indian economy.

8. CHAPTER PLANNING:

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9. CONCLUSION:

This is an excellent attempt to show various effects of Globalisation on different sectors of the economy, viz., primary sector, secondary sector and tertiary sector. I have put together a wealth of information that will help the reader to understand the merits and demerits of the present process of globalisation.

CHAPTER – 2
REVIEW OF LITERATURE

"The challenge before scholars and political leaders is to minimise the disruptive and contentious aspects of globalisation, and maximise its benefits, especially for those who are as yet outside the pale of development."

- Dr. Manmohan Singh*

1. CONFERENCE PAPERS[1]:-

Agrawal, Gyan Prabha, "TRIPS – Its Impact on the Indian Economy", the paper highlights the commitments regarding Trade Related Intellectual Property Rights (TRIPS) made by the government of India to the WTO and then discussed the likely favourable and unfavourable effects of the new world economic order on the Indian economy.

The paper examines that patent regime will affect the drug prices seriously. The granting of product patents will effectively place the rein of the Indian pharmaceutical industry in the hands of MNCs who will exploit this advantage to the full by hiking the prices of drugs and medicines considerably. The discussions on various aspects of TRIPS are likely to dominate WTO's agenda in future and India will have to prepare a national and international strategy to face the challenges. To meet the challenges posed by the developed countries, the developing countries will have to join hands to protect their interest in WTO negotiations in future.

Ahmad, Nighat, "WTO and Higher Education Challenges and Opportunities for India", the paper outlines that keeping in view (a) the projected global demand for higher education, with Asia being the biggest market for higher education, (b) the promising returns in terms of foreign exchanges, (c) proximity of the Asian market (an important consideration for students) and (d) its won vast infrastructure, India should avail of the

* The Analyst, "A Prospective View", The ICFAI University Press, January 2007, pp.4.

advantages and adopt a well planned and well coordinated strategy to promote its educational programmes abroad.

The paper concludes that for securing a better interaction with international students, it is important that cultural and social exchanges must accompany academic programmes and should be incorporated in any marketing strategy pursued.

Ahmad, Rais, “WTO and Indian Agricultural Exports”, the paper is an attempt to review the impact of WTO on Indian agricultural exports. The paper writes that initiatives should be taken up to educate the farming community of the country regarding the challenges and opportunities in the WTO regime. Farmers should be encouraged to adopt diversification of crops and larger investment should be encouraged in production where they can have comparative advantage. For achieving international standards, farmers should improve the qualities of their agricultural produce. Such agricultural commodities should be produced in larger quantities, which are in good demand in the international market. In this way not only will India’s agricultural exports increase, but also it will leave a multidimensional effect on improving the socio-economic environment of rural India.

Alam, Md. Qaiser and Hasan, Massod, “Impact of WTO on Foreign Direct Investment Flows in India”, the paper examines that FDI flows in the economy has increased 5.2 times from US $212.0 million in 1987 to US $1091.0 million in 1994 that it has realised an average growth of US $357.3 million during pre-WTO (1987-1994) regime, whereas FDI flows has increased form US $2139.2 million in 1995 to US $4378.9 million in 2002, with an average growth rate of US $3689.1 million during post-WTO (1995-2002) regime. Moreover, the growth of FDI as a percentage of GDP has increased by 0.5 per cent in the year 2002, from 0.1 per cent in 1990.

Anbalagan, P., "World Trade Organisation and Trade Disputes in India", the main object of this paper is to analyse India's trade disputes with the WTO's member nations during 1995-2004.

The paper also highlights that since the establishment of WTO in 1995, the average annual number of international trade disputes has risen by about 700 per cent compared with the GATT. Jason Yin (2001) explains why the number of disputes has risen, and why it will continue to remain high. In part the increase can be seen as a result of the overall growth in trade volume – more trade means more disputes – but there remain serous problems in terms of trade imbalance, problems of access to markets for developing countries, and the persistence of tariff and non-tariff trade barriers to the developing countries. Although the WTO's dispute mechanism has so far worked well, there are many important issues need to be addressed in order to improve the ways in which disputes are settled and to remove some of the structural causes of dispute.

Anbumani, V. and Saravanakumar, M., "Impact of WTO on India's Foreign Trade: Trends and Prospects – An Overview", the paper scans that in the international market, Indian industry will have to face competition from newly industrialised developing countries in its neighbourhood and also face non-tariff barriers like environmental conditions, health, safety and technical standards from other advanced countries. Indian industries, whether large or small, will have to pay special attention to (a) quality, and (b) observance of environmental health, safety and technical standards.

Arora, Shashi and Gupta, Soniya, "How WTO (TRIPS) Threatens the Indian Pharmaceuticals Sector", this research paper is an attempt to analyse the impact of TRIPS on Indian Pharmaceuticals sectors. It points out the threats of TRIPS on Indian Pharmaceuticals industry and some measures to overcome it so that India could get a prominent position in the world economy.

Barman, Binita Tamuli and Talukdar, Sanjay Kr., “WTO and Prospects of India’s Cross-Border Trade with Myanmar”, the paper concludes that by entering and expanding Border Trade between India and Myanmar under the rules and regulations of WTO, both the countries get to benefit from it. The goal of WTO is to improve the welfare of the peoples of the member nations.

Basu, Dipika, “WTO and Convergence of HDI in ASEAN and SAARC Economies”, the paper explores that it is observed that the countries that have extended international participation in trade and investment have achieved impressive social and economic development. It is also observed that Asian countries have formed convergence clubs. In respect of their human development, they are coming close and closer. The WTO system of new trading that supposes to enhance international trade and investment may promote such convergence. Under WTO regime there is an indication of income convergence among developing countries in Asia. Along with outside forces, the role of inside development forces such as female education, domestic savings rate, diversification and Modernisation of the structure of economy, and pubic investment in social sector can not be denied for improvement of the human development in these countries.

Bhat, G.M. and Kira, Altaf Hussain, “Trade in Financial Services-WTO and India”, the paper states that if India is to open up its markets to foreign competition in financial services and to face this challenge successfully, then it will need to speed up its financial sector reforms and make this sector more competitive. It will thus need to address many of the structural weaknesses that continue to affect this sector. Such strengthening would also enable India’s financial services sector to face competition in third markets and to realise its export interests and develop area of competitive advantage. The paper also states that such measures are required to support the negotiating strategy, but more generally to promote a healthier and more efficient financial sector that facilitated more rapid economic growth and overall economic development.

Bhatt, Daksha M., “WTO and India - With Special Reference to Patent in Pharmaceutical Industry”, this paper critically focused on ‘patent’ in pharmaceutical product in India.

The paper concludes that Indian industry is able to introduce some of the most sophisticated products indigenously produced within a relatively short log and at a fraction of the cost and export a growing proportion of its produce to emerge as a net foreign exchange earner. It is a remarkable achievement especially because it has been accomplished within three decades of the change of patent regime.

Bhowmik, Debesh, “WTO and Agreement on Agriculture”, this paper will endeavour to highlight some of the major issues relating to agricultural trade liberalisation under WTO on the developing countries including India.

The paper also writes that the impact of AoA on India is unfavourable because of Plant Variety Protection Act, which will threat farmers’ right in breeding seed and selling produce. Moreover, the paper concludes that free trade in agriculture is producing inequalities among rich and poor counties in spite of gains from liberalisation of rice trade of poor countries whose loss of agricultural income have been growing.

Bishoyi, Deepak and Sahu, Santosh Kumar, “A Comparative Study on Agricultural Reforms and WTO in India and China”, the paper reviews the progress expected to be made over the ten years since 1995 in the two populous developing countries and also makes some comparative study on reforms and policy changes affecting agriculture in India and China. Finally, it analyses WTO and agricultural trade between both the countries, and also studies food and agricultural policies of these global markets significantly. If there is information flow between India and China on comparative advantages and transparency in marketing, trade volumes can go up several folds, benefiting millions of poor in these two countries.

Biswas, Prabir and Biswas, Sudeshna, "Indian Agriculture in the WTO Regime", the paper is an attempt to address the issues relating to AoA impacting Indian agriculture in the WTO regime.

Borbora, Saundarjya and Mahanta, Ratul, "WTO and Developing Nations with Special Reference to India", the present paper discussed broadly about Protection and Development, Singapore Issue, Agreement on Agriculture, Market Access for Industrial Products and Environmental Requirements Policy and their impact on developing countries with special reference to India. The paper concludes that multilateral trade negotiations through WTO have failed to liberalise the trade and provide equitable share to both developed and developing countries. The developing countries are, of late, trying to group together to put pressure and to seek redress of the emerging asymmetries before further progress and new commitments.

Chadha, Vikram, "WTO, TRIPS and India: Contemporary Issues and Implications for India's Pharmaceuticals Industry", the paper writes that to bring uniformity and standardization in the patent provisions and to reinforce the patent regime all across the world, the new patent norms were institutionalised in the Trade Related Intellectual Property Rights (TRIPs) as a part of the WTO framework, and all the member countries were obliged to implement and enforce its conditionalities from 1 January 2005. Now that India has also enacted and implemented the Patent Amendment Act 2005 making it effective from the cut off date, the paper is interested to analyse and investigate the new provisions, controversial and contentious issues surrounding those guidelines, and to evaluate their implications for the country's pharmaceutical industry in particular.

The paper also emphasis that the annulment of the compulsory licensing provision might adversely affect India's pharmaceutical export prospects. The ever greening of patents by global drug companies would perpetuate their monopoly rights and might perennially prevent the manufacturing of these drug variants by the Indian companies.

Chandramohan, B.P., “Trade in Textiles and Clothing under WTO: Challenges ahead and Strategies of India for Global Competitiveness”, the study in this paper is an attempt to assess the challenges ahead for India and the strategies that can be adopted for global competitiveness. The paper has examined both internal and external challenges that play a significant role in the determination of global competitiveness. To improve competitiveness, the study highlights the green and grey areas of international trade in T&C.

The paper concludes that though with uncertain future and stiff competition, the T&C industries of India should protect their existing markets and should make inroads into the markets of others. To achieve this, a conjunctive mix of timely assistance by the government and a right dose of competitiveness of the T&C industries will place India a leading supplier of textiles and garments to the entire world.

Chattopadhyay, Apurba Kumar and Ghosal, Ratan Kumar, “WTO and India’s External Sector: Trends and Prospects”, this paper has attempted to address the issue by focusing on the external sector, which remained at the heart of the globalisation process initiated by Indian in 1991. It is found that the exports and imports have increased during the post-WTO period. The shares of exports and imports in the GDP have also moved upward. The paper also highlights that in the long-term impact of the WTO regime on Indian economy will, remain dependent on the success of the new foreign trade policy.

Chauhan, Shyam Sunder Singh and Singh, Sadhana, “WTO and Indian Agriculture”, the paper concludes that WTO provisions pose no real threat to Indian agriculture though aspects related to IPR, removal of tariff and non-tariff barriers and markets access need to be dealt with constant vigil and suitable expertise. Relevant institutional and legal changes need to be brought about. Equally important is the need to restructure, modify and revamp our agriculture sector so that it can rise up to the challenges thrown by growing integration with the rest of the world. The need of the time is to make it more efficient, modern, diversified and competitive. The time to engineer a second Green Revolution has arrived.

Chauhan, Shyam Sunder Singh, Sharma, Kapil and Dev, Manish, “Impact of WTO on Indian Economy”, the paper focuses that the creation of WTO has mixed blessings for India. On the one hand it provides all possible opportunities for India to integrate herself with the rest of the world while on the other it poses threats to manufactures, traders, farmers and common men in the form of high level of competition and unfair trade practices by MNCs and foreign players. India is likely to benefit under the fast changing scenario but there are some crucial hurdles, which have to be taken due care of. Agreement on Agriculture, TRIPS provisions, social clause and core labour standards, trade and environment, trade and investment, competition policies, transparency in government procurement and functioning of Regional Free Trade Agreements are of vital importance for India.

Choubey, Udit Narayan and Pandey, Sonal, “The Impact of WTO on India’s Foreign Trade: Trends and Prospects”, this paper tries to examine the impact of WTO on India’s foreign trade. The paper highlights that Indian exports now include engineering goods, electronics and computer software, chemical and chemical products, leather and garments, cotton fabric, rayon, and woollen textiles, gems and jewellery, hand made carpets, processed foods and marine products. At the other side there have been significant changes in the composition of imports. Major Indian markets are: USA, UK, Germany, Japan; India’s major imports come from USA, UK, Belgium, Japan, Germany, and Saudi Arabia.

Choudhary, A.K., Singh, Kumar Anish, Sinha, D.K. and Singh, L.N., “Analysis of Indian Agricultural Exports and WTO Agreement on Agriculture”, the paper clearly mentions that share of agricultural and allied products to total export has declined from 19.41 per cent in 1990-91 to 12.36 per cent in 2003-04 while that of manufactured goods, and mineral fuels and lubricants and others category have considerably increased. Following table is given to prove this argument.

TABLE - 2.1

Trend and Shares of Agricultural Products in Export from India

(Rs. In Crores)

Year	Share or Agricultural and Allied Products in total Exports
1990-91	19.41
1995-96	19.88
1998-99	18.68
1999-2000	15.68
2000-01	14.04
2001-02	14.02

Source: Economic Survey (203-04): Minister of Finance, Govt of India, Economic Division, New Delhi.

From the table 2.1, it becomes clear that overall share of agricultural exports to total export showed declining trend, mainly due to sharp increase in the export of non-farm commodities even though the quantum of agricultural exports have also increased considerably.

Choudhary, Arun Prabha, “WTO and Agriculture in India”, the present study is specifically confined to the Agreement on Agriculture. The major clauses of AoA are Tariffication, Tariff Reduction, Market Access Provisions, Special Safeguard Provision, Aggregate Measure of Support, Export Subsidy Provisions, etc. India is being adversely affected by these clauses because of their inconsistency and their favour to developed countries. In the present global scenario, India should take care of its agricultural sector as it is becoming weaker day by day.

Dangat, Nilesh R., “World Trade Organisation and India”, the paper explores that over the past two decades service sector in India has grown and its share in GDP amounts to roughly 50 per cent. India is becoming a service economy like other developed economies. India is emerging as a ‘natural choice’ for services in the world economy. However, without conscious change in domestic policies that inhibits service sector growth, exposure to world market requirements, technology options, and her ability to withstand international competition would remain weak.

Das, Uday Kumar Lal, “Impact of WTO on India’s Foreign Trade: Trends and Prospects”, the paper writes that if India wants to move away for the present performance of having only 0.6 per cent share of global trade, then Indian will not only have to think in global terms, but it must also rediscover erstwhile friends in the global arena. The present paper is divided into five sections. Section one highlights facts about WTO; section two points out the issues relevant for further round of discussions; section three deals with ‘anti-dumping ‘aspect of international trade; sections four provides an analysis of broader issues relating to ‘global developments and India’s trade policy’; and section five concludes with the suggestion that anti-dumping apparatus needs to be completely overhauled and significantly strengthened.

Debapriya, Aryashree and Panda, Tapan Kumar, “Antidumping Retaliation: A Common Threat to International Trade”, the paper explores that it is being realised that unfair trade practices are not the only intention behind antidumping actions today. Growth of retaliatory attitude amongst the countries and the use of antidumping as a weapon to punish other countries create an alarming situation in the circles of international trade. This will ultimately lead to increase in the misuse of the law and lead to “cold trade war” amongst the countries as well as the international trading partners. Above all, the very basic purpose of the law to restrict unfair trade practices in the international trade shall remain unfulfilled. This calls for the necessicity of substantial institutional reforms as well as change in the attitude of the countries to refrain from using antidumping as a weapon to retaliate.

Desai, Jayesh N., “Outsourcing of Services: Problems and Prospects for India”, the paper explores that outsourcing of services, helped by developments in ICT technologies, have emerged as new growth engine for Indian economy. It has brought India at the forefront of services exports in the world. Amongst various services, software services have been major contributor to exports from India. But now ITES-BPO services are likely to take lead in future growth. India that is endowed with relatively ample English speaking skilled labour is likely to sustain the growth rate in services export in foreseeable future as large number of developed countries are likely to face increasing shortage of manpower in achieving their growth targets, such countries are left with no other choice but to outsource services from countries having comparative factor advantage in labour. Although India is facing increasing competition from other countries for outsourcing of services, India due to its pool of low cost qualified manpower, experience in outsourcing business, better data security norms, telecommunication networks, quality of education etc is likely to remain leader in outsourcing in time to come.

Though India is most attractive destination in outsourcing, it does not appear anywhere in to 10 ranking for quality of business environment in A.T. Kearney’s outsourcing attractiveness index. Major reason of this poor show in business environment can be attributed to poor infrastructure, concerns over economic stability, some geopolitical risks and issues related to weak cultural adaptations by Indian people in general.

Devra, R. S. and Chauhan, G.S., “Impact of WTO on the Direction of India’s Foreign Trade”, the main purpose of the research paper is to throw light on the progressive aspect of WTO. The paper concludes that Indian foreign trade (both import and Export) has increased after the establishment of WTO. The export of the country was worth Rs. 32553 crore in 2002-03; it was an increase of 7.48 fold. During the same period, the import went up from Rs. 43198 crore to Rs. 229206 crore, registering an increase of 6.85 fold.

Dhage, S.K. and Lobo, B.G., “WTO and India: Challenges and Perspective”, the paper concludes that India had to face many challenges in various sectors by signing the WTO agreement, i.e. in the agricultural sector, industrial sector and service sector. In agricultural sector, challenges like subsidies of developed nation, high prices of agricultural products, lack of investment, environmental degradation, population problem, and lack of technical know-how had emerged.

In terms of industrial sector Indian faced challenges like better productivity & technological excellence, problems of industrial sickness, human capital management, etc. just like in industry and agricultural sector, India faced many challenges in service and patent sector, for example, lack of compositeness, inadequate laws, corruption, problems in government procurement, legal delays system, etc., that are pulling India in world competition. The global scenario should compel India to fight the pressures from within and outside the country because the future is not for the meek but the brave.

Dhillion, Sharanjit S., “Intellectual Property Right Regime and Economic Development: Evidence from Literature”, in this paper, an effort has been made to analyse and understand the relationship between IPRs and Economic Development on the basis of available empirical literature. An effort was also made to find out what will be the overall impact of IPRs regime on development of all the countries of the world in general and developing countries in particular. Paper concludes that TRIPS agreement has brought about a new global regime for protecting intellectual property. There are numerous means by which developing countries may benefit from this change, at least in the long run, although there are bond to be significant short run costs.

Diwakar, D.M., “Implications of New International Trade Regime on Indian Agriculture: Prospective of Food Sovereignty”, this paper is an attempt to analyse implications of emerging new trade regime under World Trade Organisation (WTO) on Indian agriculture in the light of expectations of level playing fields and free access to markets in the context of agricultural produce towards food security and sovereignty. This exercise is divided into four parts: part one discusses about Indian share in international trade of agricultural and allied commodities. Part two is a brief sketch of commitments and bindings about new trade regime. Part three presents briefly about the contours of debates and challenges. Part four considers implications of WTO on agriculture and finally summarises toward imperatives.

Dr. Rao S. Srinivasa, “World Trade Organisation and Intellectual Property Rights: Implications for India”, the paper concludes that there is no doubt that over the years the TRIPs has emerged as one of the most debated agreements of the WTO. The changes insisted would have severer implications for the developing countries, more to when they are struggling with the implementation hurdles of the new regime. The discussion in the earlier sections suggests that the strengthening and harmonisation of the IPR Regime is going to affect the process of development in the developing countries like India in a significant manner. The important contributor to the growth of pharmaceutical sector has been the imitative duplication, reverse engineering or knowledge spillover from abroad. It is also likely to affect the prices of a large number of important drugs and thus affect the health systems in the poorer countries, along with the adverse effects on the manufacturing activity. Similarly the impacts of monopolisation, the bio-piracy, Exclusive market rights in agricultures and pharmaceutical sector raise issues for serious debate.

Dr. Shah, Bharat R., “WTO and Indian Economy”, the paper describes that since 1991; India is implementing policies of liberalisation, privatisation and globalisation (LPG) of the economy. The policies of economy reforms or more specifically, the policies of first generation economic reforms have substantially increased unemployment among the youth in both secondary and tertiary sectors. Thousands of small-scale industrial units have closed. Thousands of ancillary units have faced large losses and have been transformed into sick industrial units. Hundreds of textile mills, that could not up-grade their technology, have been closed, particularly in Gujarat. Secondary data on Indian industry highlights the decline in job-creation and an increasing trend of unemployment as a result of technological up gradation in secondary and tertiary sectors.

Further, the second-generation economic reforms will create a paradoxical behaviour in employment, i.e. skilled labour employment will increase whereas unskilled labour employment will decrease. Unskilled workers engaged in formal sector will become jobless and they will crowd the informal sector, which is already over burdened. The paper concludes with the following suggestions,

- Planners should accept the policy of labour intensive technique of production rather than capital-intensive technique of production.

- Tiny-units, small-scale units and ancillary units should be provided financial aid liberally.

- Un-skilled labourers should be made skilled labourers by organizing training workshops, seminars etc.

- Employment-oriented programmes should be basis of new economic policy. The main objective of Tenth Five year plan should be to create 10 millions jobs every year. Consequently, we can remove unemployment problem from economy at the end of Tenth plan (2002-2007).

Dr. Thanki, Ila A, “WTO and its Impact in Developing Countries: Indian Agriculture Sector Perspective”, the paper writes that WTO statistics show that developing countries as a whole have seen a significant increase in agricultural exports. Agriculture trade rose globally by nearly $ 100 bn between 1993 and 1998 of this developing countries exports rose by around $ 47 bn from $ 120 in the period. Their share of world agricultural exports increased from 42.10% to 42.40%. But within the group, some individual developing countries have seen their agriculture trade balance worsen – their imports have risen faster than their exports.

At the end paper writes that the changed economic scenario symbolised by the establishment of the WTO holds great potential for the Indian agricultural and food processing sector. In fact, India has all the making of an agricultural super power.

Dutta, Arijita, “WTO and Research and Development in Pharmaceutical Industry”, the aim of this paper is to find the possible impact of WTO on the Research and Development (R&D) process of the pharmaceutical industry, in developing countries in general, and in India in particular. It covers the recent picture of R & D efforts of top Indian pharma firms too.

The paper identifies the case that whether the multinational firms would invest in R & D in India in this particular field, as India has changed her patent laws under the tutelage of WTO since January 2005. It is also discussing the possibility of undertaking basic research by domestic firms.

Ganesan, S., Shubha, G. and Rakshitha, S.V., “Economic Liberalisation and Emerging Trends in Indian Agriculture”, the paper focuses that from the Indian perspective, the effect of Globalisation and WTO regime on Indian agriculture is a kind of mixed bag with the plus points outweighing the minus. No doubt the new WTO arrangements will definitely raise the prices of agricultural inputs but India’s market opportunities in exports of agricultural commodities would increase. Thus, Indian agriculture and agro-business should get the kind of boost it has never known by exposing itself to the larger world market. The reduction in export subsidies on agriculture by developed countries will make Indian agricultural exports more competitive in world markets.

Goel, M.M., “Implication of WTO for Indian Economy”, the paper writes that in spite of all the arrangement made by WTO administration, there is widespread fear in India on the implications of WTO for Indian economy. There are negative as well as positive implications of WTO for Indian economy in general and agriculture and industry in particular. Indian economy will have to accept the challenge whether at all it would compete in some sectors with China where it does not stand a chance.

Gupta, Manjushri, “Trade Liberalisation in Agriculture: Implications for Food Security”, this paper focuses on some of the main issues linked to the WTO agricultural negotiations. The objective is to analyse the Agreement on Agriculture, with respect to developing countries’ objectives of food security. India’s position has been analysed as special reference. AoA contains provisions in three broad areas of agriculture and trade policy: market access, domestic support, and export subsidies Article 20 of the agreement, recognises that non-trade concerns such as food security should be taken into account in the negotiations.

Gupta, Ragendra, “Multilateralism under the Aegis of WTO: Some issues and Their Implication for India”, the paper concludes that India is seen as a rich economic partner in Asia. China and ASEAN are likely to be fastest growing global markets. India should explore the opportunity and strengthen efforts to form Sough Asia Free Trade Agreement (SAFTA) and make Asia a hub of low cost competitive exports instead of a storehouse of poverty, unemployment and backwardness. India needs to work for collective self-reliance; at the same time, multilateral for such as the WTO should be relied upon to consolidate gain through collective bargaining.

Gupta, Shakuntla, “WTO and Its Impact on Indian Agriculture and International Trade”, the main thrust of this paper is to analyse the growing opportunities and challenges arising out of WTO Provisions pertaining to agriculture and their impact on Indian agriculture international trade. An effort has also been made to suggest measures to the government for enabling the indigenous producers to compete in the open global market.

The analysis highlights that more powerful players in the trade space have evolved many new instruments of safeguarding their national interests while the weaker players like India have been forced to implement their commitments of the Agreement on Agriculture. Therefore, various provisions regarding Agreement on Agriculture are going to adversely affect the Indian agriculture international trade. As a result, India's share in global farm exports is only 1 per cent at present. With such a small share, India continues to be a marginal player in world agricultural trade. The paper also suggest that public sector as well as private sector investment in agricultural research, extension, infrastructure, storage and marketing of produce, particularly in case of oilseeds, pulses and horticulture crops such as fruits, vegetables and flowers need to be strengthened. This will definitely make Indian agriculture highly productive and internationally competitive, both at the price and quality levels.

Hariharan, S.V., "Agricultural Sector of the Indian Economy under WTO Regime", the paper analyses the position of Indian agriculture under the WTO regime and suggests few policy suggestions. The paper concludes that a proper mix of reform policies, Tariffication and support measures should be designed to promote the development of the agricultural sector of the Indian economy and to redress the several issues of this sector.

Hathi Tushar R., "World Trade Organisation, China & India – An overview", the present paper is divided into four parts the first part necessarily deals with the background of Chinese economy. The second and third parts respectively deal with the contribution of China and India to the Global trade. The fourth one exposes the likely impact of China's accession to WTO on Chinese economy itself. The fifth one highlights the mutual impacts to emerge on India-China trade relations.

The paper concludes that if a miracle of sacking hand of India with China i.e. Software meeting with Hardware may turn the table completely into the favour of both India and China.

Imam, Anwer and Singh Vinod Kumar, “Multilateral Trading System and Developing Countries with Special Reference to India and WTO”, the paper enumerates and reviews some of the provisions of the WTO along with the discussion of the possible constraints such provisions pose for trade and domestic policies of the member states. It also discusses the policy changes made by developing countries, including India in pursuance of the WTO commitments. In the light of these commitments this paper recommends some negotiating strategies for the developing countries.

Jha, Birendra Kumar, “WTO and India: Opportunities and Challenges”, the paper explores that India has much to gain if WTO plays its game fairly, if signatories to it are sincere, there is no chicanery deceit, foul play and dumping. But unfortunately, the mollified intention, of developed countries, remains no longer hidden. And there is scope for the Indian market to be flooded with surplus products for the developed countries in the present prevailing scenario. Our problem of unemployment can not be solved under the LPG model. Foreign imports have killed off more than 40, 000 small and medium industries. Employment grew only 1.07 per cent per annum during 1994-2000 against 2.89 per cent and 2.50 per cent during 1983-88 and 1988-94 respectively whereas corresponding growth rates of GDP for these periods were 6.7 per cent, 4.2 per cent and 5.8 per cent respectively. In the post-WTO era problems of unemployment, inequality and poverty have raised greater and graver challenges.

Kallur, M.S. and Rasure, K.A., “Impact of WTO on Indian Agriculture”, in this paper, an attempt is made to look at the relative merits and demerits of AoA in a logical manner. The paper concludes that the future of India is bright as the voice of India along with countries of G-20 is being increasingly heard as the provision of market access, decrease in subsidies, etc.

Kapoor, N.K., “Indian Education System: Challenges and Strategic Opportunities under WTO”, the paper concludes that globalisation of education in India is inevitable, since India is the member of WTO and committed itself to progressive liberalisation. There is a need to develop a national education policy, which has positive approach to the globalisation of education in India. It is apparent from the analysis of the environmental threat and opportunity profile (ETOP) for India that driving force behind globalisation is competitiveness between persons and institutions for the same resources. Well managed education strategies to deal with the competitive nature of global economy can produce a rejuvenating emancipation for large numbers of students, in order to exploit the strategic opportunities; there should be cooperation between state and institution and also among various research and educational institutions in the country.

Karmakar, Asim K., “Globalisation, The WTO, and The Developing Countries”, this paper briefly outlines in Section-I, the hotly debated issue between the developed and developing countries over the role and impact of the WTO in the era of globalisation. Section II articulates the workings of the WTO in a liberalised trade regime. Some key issues with particular emphasis on whether an open world-trading regime supports or hinders sustainable development are also addressed here. Section III at the start gives a pen-picture of how the WTO solves a dilemma situation and what India is doing with the WTO. The final section seeks to answer the question: what should be the negotiating strategy of the developing countries with reference to India?

Kaur, Kuldip and Kaur, Kushwinder, “Some Aspects of Product Patent Regime in Indian Pharmaceutical Industry”, in this paper an attempt has been made to present the possible impact of product patent regime on prices of medicines; to study the relationship between product patents and

R&D activity in the light of some studies; and to suggest some measures so as to reduce the intensity of the adverse effects of product patent regime on the Indian pharmaceutical industry and the masses at large.

Khan, Akram A., “The Effect of Trade Liberalisation on Indian Livestock Sector: Issues and Options”, the paper explores current pattern of world trade in livestock and changes resulting from trade liberalisation. Paper examines how distorted liberalisation has impacted adversely livestock trade of India? How avoidance of level playing field is skewing comparative advantage in favour of developed nations and thus uneven globalisation? What policy changes are needed? Attention is focused particularly on appropriate policy response of India.

Khurram, Zainab M., “Impact of WTO on Human resources Development in India”, the study of this paper is an attempt to examine empirically the impact of World Trade Organisation (WTO) on the improvement of the lives of people in India.

The paper has quoted Mahboobul Haq and Amartya Sen and says that Mahboobul Haq rightly pointed out that we are not only interested in the growth of national income but also its contents. Amartya Sen won the Nobel Prize of 1998 for his outstanding contribution to Social justice. The main cause of famines is not the poverty of foods but the poverty of Entitlements, and the role of economic growth is to improve the competence of the people, make them productive and lead a respectable life.

Moreover the paper highlights that there are both progress and deprivations in India during post WTO era. India has maintained an impressive rate of growth of its GDP and also made improvement in its external sector. It has also moved from low human development index to medium human development index. In spite of certain achievements, it continues to be far behind of many of the developing countries in terms of overall well being of its people. It is because of inadequate attention paid towards some important components of HRD such as education, health and environment. One quarter of India's population is still below the poverty line.

The paper concludes that there is no automatic relationship between the rise in income and human development. It depends upon the appropriate strategies and effective governance for the implementation of HRD programmes. Public expenditure as per centage of GDP should be enhanced for the provision of qualitative education and health services in the country so that capabilities of the people are improved and they lead a healthy and respectable life. Sustainable development should also be as one of the main objectives of our developmental activities.

Koushik, K.K. and Karol Sanju, "World Trade Organisation and Its Impact of India's Agricultural Exports", the present paper is a modest attempt to examine the post WTO growth performance of agricultural exports.

The paper explores that as far as the exports of Indian agricultural and allied products before and after the advent of WTO are concerned, India's share in global agriculture exports before WTO witnessed an increase but experienced a decline in the Post-WTO period.

The paper shows that export earning from India's agricultural and allied products grew at the rate of 7.78 per cent per annum in the Pre-WTO period and plummeted to 0.81 per cent in the Post-WTO period.

India needs to develop strategies to enhance exports and prevent possible large-scale imports. The basic push to agricultural exports in India, along with policy initiatives, has to come through (a) yield improvement (b) reduction in wastes and (c) efficiency in resource management of land and capital. Research in biotechnology has great potential to meet this challenge.

The paper also suggests that India also needs to address systems and institutions which are required to enhance the competitiveness of the agricultural commodities. India may focus on markets, which have large potentials such as fruits and vegetables, fish, meat and cereal preparations for export purpose. This would require addressing effectively the existing quality and infrastructure related problems. The exports of raw cotton, oil meals, oil cakes, sugar and molasses should be actively discouraged as they have low priority in the international market and are low growth products.

Kriplani, H.K., "Indian Pharmaceutical Industry and Public Health under WTO regime", the paper discusses two primary questions:

1. Will WTO have a positive impact on the Indian pharma Industry?
2. How will customers in India be affected post 2005?

Answering the first question, the paper clearly mentioned that product patent would have a positive impact on the Indian Pharma Industry.

With the reference to the second question, the paper writes that it is a myth that the overall product prices will tremendously rise in India post 2005, from present difference of 3 times lesser prices in India as compared to even Pakistan and China.

At the end the paper makes its clear that we have enough reasons to be optimist about the Indian pharmaceutical industry and Indian customer, post 2005.

Kulkarni, Parashar, "Non-Tariff Barriers and NAMA (Non-Agricultural Market Access) Negotiations: Developing India's Negotiating Position", the paper attempted to provide inputs to develop India's proposal for tackling non-tariff barriers under NAMA negotiations. The discussion on India's sectoral position, explained how India is in a favourable position on account of commonalities of interest with developing and developed countries. Hence India should focus on building alliances based on products of common interest across developing and developed countries to ensure that a critical mass is developed to move forward.

Kumar, Anuj, “Impact of Trade Liberalisation on Indian Agriculture”, the paper writes that in any case the WTO ruling against Indian on imports controls is immoral because India does have an export deficit and foreign exchange problems, and uncontrolled imports will create a major balance of payment crisis. It is also immoral because the U.S. continues to use import restrictions, while forcing us to give them up and open up markets for U.S. dumping. If the U.S. has the right to impose import restriction, so do we. In any case we need such restrictions to protect livelihoods and conserve scarce foreign exchange. The Indian people can not be sacrificed for profit of U.S. business. The Indian constitution can not be undermined by W.T.O. rules.

Kumar, Pardeep, “Impact of WTO on India’s Exports Performance”, the objective of this paper is to analyse the impact of WTO on India’s export performance. The paper concludes that so far as the volume of India’s exports is concerned, it increased from $31797 million in 1995-96 to $79594 million in 2004-05. It rose by 150 per cent during the same period. Due to several factors negative growth rates were observed for two-years, i.e. 1998-99 (-5.1 per cent) and 2001-02, (-1.6 per cent). Despite sluggishness at the end of Ninth Plan in 2001-02, exports growth rates continued to rise and reached the highest at 24.4 per cent during the middle of Tenth Plan up to 2005.

Kumar, Prahlad and Srivastava, Pramita, “Trade in Services and Higher Education in the World Trade Organisation (WTO) Framework”, the paper has been divided into four sections. Section I presents an overview of the GATS under WTO regime. Section II provides the classification of trade in educational services. The WTO classification List (W/120) describes five categories, namely primary education, secondary education, higher education, adult education, and other education. Section III raises the major concerns relating to GATS-WTO and higher education in India. Section IV suggests policy measures for opening up new avenues in higher education. The section also provides the concluding remarks. The paper concludes that India faces a big challenge if it has to be an active partner in the market of international students. Its policies and programme have to change and they have to be more dynamic if the country has to attract international students.

Kumar, R., “WTO and Its Impact on Tamil Nadu Agriculture”, the main thrust of the paper is to analyse the fallout of WTO on Tamil Nadu agriculture scenario and suggest means to the centre for enabling the indigenous producers to survive in the open global market. Tamil Nadu agriculture is going to be influenced by WTO regime both favourably as well as unfavourably. The favourable impact is expected on the basis of AMS, which is much below the upper limit in India.

Kumar, Rajinder and Philip, P.J., “TRIPS and Pharmaceuticals: A Case Study of Herbal Drugs Industry in India”, the focus of this study is to examine the impact of IPR on Herbal Drugs Industry in India. It is observed that a considerable portion of the wealth of India is stored in the enormous amount of flora it is gifted with. Proper documentation and appropriate legislation should go a long way in protecting our vast wealth of traditional medicinal knowledge and practices, so that the challenges and threats posed by the new IPR regime may be turned into opportunities.

Leela, P., “WTO and the Emerging Pattern of India’s Foreign Trade”, the paper examines the impact of WTO Agreements on India’s foreign trade and analyse the export experience of India during the past ten years since the establishment of WTO and the new trading environment.

The paper writes that India’s export performance showed a decline in the first three years after the establishment of WTO, but showed an impressive and increasing trend in the last three years, even surpassing the export of the year 1995-96, when the WTO became operational.

The paper also highlights that a realistic and integrated WTO compatible trade strategy, aligned with scientific, technical and professional preparedness, would enable India to sustain a high-growth export trajectory in the second decade of the post-WTO period.

M., Vanitha, “Trade Liberalisation in Agriculture: Implications for Subsidies and Livelihoods”, the paper emphasis that liberalisation of Trade in agriculture could not be successful in reducing the problem of poverty for the following reasons:

- The Third World farmers are not getting subsidies as much as the First World farmers get from the government. To make the trading system successful, the developing countries should either raise the subsidies of their agricultural farmers equal to the subsidies of First wourld farmers or the first world government may cease to provide subsidies equal to the value of the produce.

- Developed countries have not opened up the markets to the benefit of the third-world countries.

Madann, Davinder Kumar, “Impact of WTO on Indian Agricultural Trade”, the paper highlights many significant aspects of India’s agricultural trade during pre WTO and post WTO regime. It becomes clear from this paper that the share of India’s agricultural products in global exports during post WTO period (1995-2004), diminished to 16.4 per cent on an average per annum, as compared to 17.4 per cent during pre WTO period. On the other hand, the share of India’s agricultural products in global imports during post WTO period has increased to 6.1 per cent on an average per annum, as compared to 4 per cent during pre WTO period. Thus, it is revealed in this paper that during post WTO period, India’s global agricultural exports have diminished marginally; rather her global agricultural imports have been increased.

India's competitiveness in agriculture has been lost. Thus the globalisation of agriculture has posed new challenges to Indian agricultural.

Mahajan, Dhanashri J., "WTO and Trade Liberalisation in India", the paper explores that the situation regarding the manufacturing sector in the post WTO regime is not at all gloomy. There is comfortable elbowroom for policy framing. With appropriate strategy and an array of selected counter-strategies can definitely lead India on the path of progress.

The paper also emphasises that by numbers, the developing countries are in majority. So if united, they ill stand all the conspiracies of developed countries.

Maji, Ashok Kumar, "WTO and India", this paper examines these issues, Part I: Introduction. Part II: Impact of on India's foreign Trade: Trends and prospects are discussed. Part III: Tariff reduction in Non-agricultural products: issue relating to antidumping, competitiveness, Export and Employment present context is examined. Part IV: deals with Trade liberalisation in agriculture: Implications for subsidy, livelihoods, employment and food security. Part V: discusses concerns with Trade related intellectual property rights (TRIPS) and Implications for India, particularly on sectors like pharmaceuticals, software and biotechnology followed by conclusions and suggestions.

The paper concludes that India is in a paradoxical position; whether to swim with the WTO rules along with the advanced countries; which may entail loss to her interest, or to stand against the domination of advanced countries and to hold her own development objectives along with the developing countries, or to pursue any mixed strategy.

Mehta, Rashmi A. and Dharamshi, Kusum H., “WTO – Entry of China & its Impact on India”, the paper writes that challenges are the two key markets in Asia. Together India and China present the world’s largest markets. China is regarded as India’s only serious competitor and has become a reference point even for India to measures its success. But China today leads India significantly. The Chinese challenges can be overcome only if we further strengthen the competitiveness of our economy.

Moreover, the paper focuses that India should not be bogged down with domestic socio-political problems. Economic issues like narrow window of trade, weak banking links, slow progress of bilateral agreements and tariff lines should be raised with Chinese counterparts. India must remain alert, strengthen the competitiveness, undertake additional reforms and improve infrastructure base.

Modi, Anita, “Small-Scale Industries and Globalisation: Performance, Problems and Prospects”, in this paper, an attempt has been made to throw light on various issues related to SSI, problems faced by them due to globalisation and lastly gibing a few suggestions to make the role of SSI more effective in future. The paper concludes that globalisation and liberalisation need not affect Indian small industry only adversely. Small firms should take these developments as incentives to enhance their competitiveness to penetrate the global markets.

Modi, Pratik, “WTO & its Impact on India, A Study with Special Reference to Indian Textile Industry”, this paper seeks to study the impact of WTO on Indian Textile Industry. In this paper writer mentions that India has competitive advantage over other nations in textile as an industry. But convoluted policy and rules of WTO and the neglect of Indian government has created problems for it. But at the same time WTO offers opportunities too. This paper seeks to examine the challenges and the future lying ahead and how India can make the best out of WTO for its Textile Industry.

This paper makes it clear that India's aggregate export performance showed a decline in the first three years after the establishment of WTO, but showed an impressive and increasing trend in the last three years, even surpassing the export growth of the year 1995-96, when WTO became operational.

Mohanasundaram, V. and Raghavan, Narasimha G., "GATS and Mode 4: An Indian Perspective", the present paper attempts to understand the need and scope of GATS – its relevance, its connotation to developing nations and its implications for the Indian economy.

Mohideen, K.S.S. and Ramachandran, K., "The WTO Agreement on Anti-Dumping Measures: Scope, Practice, and Problems", this paper looks at the provisions of the WTO Agreement on the anti-dumping measures and in the practice of these measures in the developed world against the exports from the developing countries including India. The second section details the concepts and the produces of the Agreement on Anti-dumping measures followed by examination of the practice of these measures in the third section. The fourth section makes a brief critique of the provisions and produces of the Agreement followed by conclusion.

Mohideen, K.S.S. Uduman and Haroon, R.K., "Agreement on Agriculture: Implications for Indian Economy", the paper attempts to highlights the general scope, objective function of World Trade Organisation (WTO), especially Agreement on Agriculture (AoA). It further focuses on India's commitments, advantage and threat. It analyses the provisions and implication of blue, green and amber boxes. The paper is optimistic that reduction in the level of subsidies will increase the price of farm products in developed countries and make Indian farm products relatively cheaper. The paper suggested that India must pay greater attention to increase productivity, create exportable surplus and make agriculture more competitive for final outcome of WTO negotiations to be translated to its advantage. The paper calls for reforms in agricultural marketing.

Naagarajan, R., Christopher, S. Benjamin and Balasubramanian, A., "India's Trade Relationship with European Union: A review under a Globalised Economy", the paper concluded that India-European Union relationship is to be fostered and nurtured for a mutual benefit sharing of the strengths by the two entities, which shall lead to better prospects for both. Time is not far off when India could prosper well by its increased association with European Union, one of the strongest forces in the world.

Nagarajan, Kanaga Sabesan and Chandramouli, T., "Competitiveness of Indian Economy in a Globalised World: A Study of Some Critical Factors", this paper discusses the issues as to whether India is really competitive in the world market and, the factors, which influence competitiveness. Every care has also been taken to address the issues of national priorities and sustainable development, which is a key to country's progress.

The paper is divided in two broad areas. Part I deal with current concerns of our nation besides historical background and factors influencing competition. Part II deals with the real forces that promote competitive activities in a country by touching upon various parameters. The paper also deals with a comparison of India with BRIC countries.

Naidu, K.M., Rao, R. Sanjeeva and Manjusree, K., "World Trade Organisation and India: A Critical Review", the paper writes that in the long run, India and other developing countries are sure to gain more benefits as China is exhibiting such tendency and enthusiasm after joining WTO. Developing countries can gain strength only under competitive atmosphere. India should exhibit confidence and courage to face world markets on its own strength for which WTO is providing opportunities.

Nanda, Paramjit and Raikhy, P.S., "Determinations of Anti-Dumping Protection: An Inter-Country Analysis", the paper studies the rationale of anti-dumping measures through the impact of various macro economic factors on anti-dumping activities during the period 1990-2003. The paper has been divided into three sections. Section I traces the genesis of anti-dumping regime and highlights the major provisions of anti-dumping duty. Section II provides an analysis of trends and patterns of anti-dumping activity in terms of initiations, measures, duty rates, duration, initiation index and measure index of 26 countries for which data are available during pre-WTO period (1990-95) and post-WTO period (1995-2003). Post-WTO period has further been divided into two sub-periods-1995-99 and 1999-03. Section III provides an empirical analysis of factors influencing anti-dumping initiating activity.

At the end, the paper shows that recession significantly affected anti-dumping initiations during pre-WTO period, but during post-WTO period, anti-dumping initiations were not affected significantly by macro economic variables. In this context, retaliation may be the factor leading to anti-dumping initiations. Anti dumping have been used to protect the domestic industry and have largely been industry specific rather than driven by macro-economic considerations. Thus, there is need to improve AD law and define general policy guidelines which could make anti-dumping more rational within the existing framework.

Nandal, R.S. and Singh, Ram, “WTO and India’s Agro-Trade: Some Perspectives”, the paper concludes that the increasing competition in the world market, the developing countries like India will have to pay special attention to the quality products to be exported at cheaper rates by reducing the manufacturing cost.

Nauriyal, D.K., “Indian Pharmaceutical Industry in the Post-Jan 2005 Era: Strategy Choices, R&D Direction and Drug Accessibility Issues”, this paper traces the historical perspective and the current profile of the Indian pharmaceutical industry, takes note of the prominent changes in the new Act over the last Patents Act of 1970, and presents an analysis on the impact of such changes on the Indian pharmaceutical scenario. The paper concludes that most dynamic Indian pharmaceutical players are likely to adopt a combination of ‘cooperate and compete’ strategies to ensure a smooth transition from reverse engineering process based on research-based pharmaceutical firms. The analyses also suggest that there may be considerable inflow of outsourcing business to India in the realms of clinical trials, contract research and manufacturing.

P., Rashmi, “Overview of India & China’s Foreign Trade: a Comparative Study”, this paper analyses the trade performance of both these countries in the post-liberalisation period. The analysis of exports & imports of both the countries is carried out & shows how best India can perform in the global trade as compared to China, India can win the situation in the long run as China’s economy is overheating with unstable growth performance.

Padmadeo, K.B., Shekhar, N. and Kiran, Usha, “TRIPS: Boon or Bane for Indian Software Industries?”, the paper writes the switching over the software patenting, India is required to take following steps:

- To develop strong indigenous infrastructural facilities with high quality R&D supports.

- To combat massive patent illiteracy.

- To harmonize patent Act and make it user-friendly.

- To provide incentives to create large pool of skilled and innovative knowledge workers.

Moreover the paper focuses that the path will not be easy to trade but the above steps may facilitate it to circumvent the hindrance and to usher in new era where TRIPS obligations will prove beneficial for growth of Indian software industries.

Pal, Kalpna, “Product Patents: Emerging Challenges and Opportunities for Pharmaceutical Industry in India”, this paper focuses on Patent rules relating to India’s Pharmaceutical Industry, as this contentious issue is high up on the agenda of Inter-Ministerial Conference of WTO to be held in Hong Kong in December 2005. This paper, accordingly, lays focus on different aspects of Product Patents, the challenges flowing out of them and opportunities these challenges open up for India.

Pal, Prankrisna, “WTO and India’s Foreign Trade: Trends and Prospects”, the paper suggests that in order to boost exports, particularly agricultural exports, the Government of India should strengthen market intelligence and create awareness in international market about quality of agricultural goods. In this respect, there is an urgent need for the agricultural research so that India can expand its international market through TRIPS. Also, the internal agricultural marketing system must be integrated and strengthened.

Pandey, Alok Kumar and Gaur, Achal Kumar, “Indian Exports under the Regime of Economic Reforms and WTO Arrangement: A Quantitative Analysis”, in the present paper an attempt has been made to address the performance (1950-2001), direction (1979-2001) and composition (1979-2001) of Indian export under the canvas of economic reforms and WTO arrangement. The paper concludes that empirical investigations regarding performance, direction and composition of export of Indian economy show that it has deteriorated sharply after 1995 when Government of India introduced WTO agreements.

Pandy, Bachhan and Singh, Bipin Prasad, “TRIPS – Boon or Bane for Indian Software Industries?”, the present research paper, taking into cognisance the various aspects related to IPRs and amendments in Indian Patent Act to make it TRIPS compliant, is an attempt to analyse the impact and implications of these on Indian software Industries. It questions whether these changes will stimulate the growth of Indian software industries or whether these will remain “will-o-the wisp” resulting into dystrophical growth of the Indian software industries? It also recognises the fact that ideas, arising out of knowledge, transcends all boundaries and exchanging these ideas will be beneficial to society and it can not be related as simple goods.

Pillai, S.M., “WTO and India: The Impact of TRIPS Agreement on The Indian Pharmaceutical Industry”, the paper highlights the positive impact of the TRIPS Agreements on the Indian Pharmaceutical Industries. The beginning of the paper gives the introduction of the WTO and also the conceptual matter of the Intellectual Property Rights covered under the UR Agreement. Thereafter it depicts the objectives laid down by the UR Agreement for the protection of the Intellectual Property. The paper also makes a comparative study of the substantial variance between the UR Agreement and the Indian patent Act of 1970 and in the end covers the impact of the TRIPS Agreement on the Indian Pharmaceutical industries. It has been discussed in the paper that even though there is a fear among the pharmaceutical industries of India and this Agreement would create a monopolistic environment in the drug market, still the performance of these industries have improved than before.

Prasad, Jagdish, “WTO and India’s Economic Reform”, the paper suggests that like many other countries India should restrict the scope of FDI only to development areas, which encourage export and contribute to growth. Foreign investment should add to the development process of the country, a clear reflection of which is the contribution to growth and employment. India must protect against encroachment on multinationals in small-scale sector and agriculture.

Purvey, Ramashish and Kumari, Sanju, “Inimical Effects of WTO Provisions and Indian Agriculture”, an attempt has been made in this paper to analyse changes in the quantum of Indian agricultural exports and imports during post-WTO period. Suggested measures/policy prescriptions to overcome the threats of WTO, also form an important part of the paper.

Raghavan, V.P., “Food Security Concern for India under WTO Regime some Observations”, the paper provides an overview of the issues related to food security concerns in India and focuses on the challenges posed to India’s food economy in the backdrop of the new WTO regime of agricultural trade liberalisation.

Raj, Dev, “Impact of World Trade Organisation on India’s Foreign Trade: Trends and Prospects”, the following issues are being discussed in this paper – Impact of WTO on Indian Economy, WTO and Issues Relating to Indian Economy, WTO: Market Access for Developing Countries, WTO and Negotiations on Indian Agriculture, Non-Agricultural Market Access under Framework Agreement, WTO’s GATS: Its Impact on India’s Exports of Services, Singapore Issues and India’s Foreign Trade, WTO: Anti-Dumping and Subsidies Agreement’s Impact on India, Impact of WTO’s Agreements on Textiles and Clothing on Indian Exports, TRIPS of WTO and Its Impact on India, Impact of Regional Trading Agreements on India’s Foreign Trade, WTO’s Impact on World Trade, World Merchandise Trade by Major Region, 2003 and 2004, WTO’s GATS: India’s Foreign Trade, India’s Exports of Service Sector, India’s Exports Trends and Future Prospects etc.,

The paper concludes that those countries that have chosen to make trade a pillar of economic growth have, indeed, grown more strongly and become wealthy than those, which have chosen a reliance on domestic markets behind protective walls.

Rajput, Rajav Lochan Singh, “WTO: Its Genesis and Impact”, the paper explores that the experience of ten years after WTO’s birth shows that India along with other developing nations has largely benefited herself after joining this organisation.

Raman, Hala, “WTO and International Trade with Special Reference to India”, the paper delineates at length the historical developments of GATT and thrash out at the efforts taken by the GATT in lowering global trade barriers and reduction of tariff. The issues confronted by the developed and the developing countries have been analysed and the performance of GATT has been highlighted. The outcome of Sir Arthur Dunkel report and the emergence of WTO have been presented with the critical insights into various problems faced by the developed and the developing countries. In particular, taking into consideration the emerging competition in Asia has also elucidated the problems faced by India in the present international scenario of world trade.

Rao, A.S., “Biotechnology and Food Security: A Blessing for the Developing World!”, the paper discusses the developments in the area of biotechnology and also the IPR’s connected to these development.

It is concluded that, globalisation of education in India is inevitable, since India is the member of WTO and committed itself to progressive liberalisation. There is a need to develop a national education policy, which has positive approach to the globalisation of education in India. It is apparent from the above discussion and also by the analysis of the environmental threat and opportunity profile (ETOP) for India that driving force behind globalisation is the competitiveness between persons and institutions for the same resources. Well-managed education strategies to deal with the competitive nature of global economy can produce a rejuvenating emancipation for large numbers of students. In order to exploit the strategic opportunities, there should be cooperation between state and institution and also among various research and educational institutions in the country.

Ray, Debansu and Sinha, Ram Pratap, “GATS and India’s Commercial Banking Sector: Some Emerging Issues”, the objective of the present paper is to examine the preparedness of India’s commercial banking sector in view of the further opening up of the banking industry. The paper suggests that the Indian commercial banks need to focus attention to three specific areas: leading efficiency, management of off balance sheet risk and capital adequacy.

Reddy, A. Ranga, “World Trade Organisation Agreements: India’s Challenges”, the paper concludes that India’s challenges are numerous i.e. a farmer is strengthened with latest farm knowledge, management and marketing skills. Huge investment is to be invested in agriculture, industry, service sector and exports. The infrastructure facilities are upgraded. Cheap and quality goods are given top priority. With hard work from all sections of people, India can go ahead making negative factor into positive factor.

Rengarajan, S. and Rajkumar, R., “WTO and Indian Agriculture: Robbery or Cheating?”, this paper is a review of developments that have occurred in India, especially in relation to the States of the Union and to the World Trade Organisation (WTO) and the trends and prospects in Indian agriculture. Incidentally, the Tamil Nadu scenario is looked at from the WTO perspective as well. This paper has suggested that Indian agriculture is adversely affected by the WTO regime and India, especially Tamil Nadu, is being treated unequally and in ways that are detrimental to the economy.

Reyazuddin, Md., “WTO and Indian Agriculture: Future Agenda”, the paper concludes that the new regime would have far-reaching implications for Indian agriculture – both positives and negatives. India should try to maximise its gains and minimise its losses in the changing world environment. The Government of India should take advantage of the safeguards laid down within the WTO framework to protect Indian agriculture and promote its global competitiveness. Besides, India should organize developing countries to get WTO agreement on agriculture suitably amended to their benefit.

Rizvi, Shehorz A., “India’s Growing Services Sector and WTO: an Overview”, the paper concludes that India being the second largest scientific and technical manpower in the world, should go for further liberalisation of its service sector and grant the employment opportunity in rest of the world. Indian teachers and health professionals are in demand in developed countries like USA and UK. Since India has abundant supply of these professionals, it can earn a lot of trade in services.

Roy, Dayanidhi Pd., “WTO and Indian Agriculture”, the paper explores that the developing countries like India, China, and Brazil feel that the WTO Agreement on Agriculture is not providing level playing field in the global market. The agricultural competitiveness of developing countries like India has been lost due to increased domestic farm prices as compared to international prices. As far as agriculture is concerned, future of the developing countries like India is at stake under WTO regime. As a result, farmers committed suicide in thousands in India.

Sahoo, Basudeb, “Post-WTO World Trade Order and Its Impact on Agriculture in Developing Countries”, the paper surveys the conditions laid down in the WTO agreement, their impact on developing countries cleverly escape the rigour of the WTO clauses. The paper also writes that since we can not but be a member of the WTO, we have to take appropriate steps to improve, modernise and diversify our agriculture and streamline marketing system.

Sahoo, Sukanta Kumar, “Emerging Issues and Challenges of Indian Pharmaceutical Sector under TRIPS”, the paper writes that the TRIPS agreement will definitely benefit multinational Pharmaceuticals firms and developed countries. It is high time the developing countries came together and voiced their resentment against the calculated conspiracy of developed countries.

Salam, Md.Abdus and Singh, Abhmanu, “Environmental Implications of India’s Foreign Trade under the Liberalised WTO Regime: A review”, the paper focuses up on the following objectives – (a) to the liberalised WTO regime. (b) to analyse and understand how the trade and environment in India have changed during the liberalised period in general and more specifically during post WTO period in particular and (c) find the ways to achieve environmentally sustainable economic development.

In the summary the paper suggests that in order to protect the economy's environment from local as well as global activities and simultaneously transforming the economy into global economic power in coming future the need of the hour is that India must accelerate spending on physical and human infrastructure, promote information technology, make efforts to substantially liberalise trade and investment through environmental friendly policies. So the future Indian economic policies must be redesigned in respect of Security, Sincerity, Nationality, Accountability, Productivity, Profitability and Sustainability (SSNAPPS).

Samban, N., "Economic Impact of WTO Measures on the Indian Primary Sector", the present paper makes a humble attempt to trace out the economic impact of Globalisation process of WTO and its aftermath effects and repercussions on the Indian farm sector.

Sankaranarayanan, S. and Pradeep, V., "Trade Related Intellectual Property Rights (TRIPS): Impact and Implications for India with Reference to Indian Pharmaceutical Industry", the paper states that the Indian pharma companies are going to face stiff competition from the global business.

Moreover the paper highlights that as far as India's pharmaceutical industry is concerned, various options are possible in the WTO regime. These are to: (a) manufacture off patented generic drugs, (b) produce patented drugs under compulsory licensing or cross licensing, (c) invest in R&D to engage in new product development, (d) produce patented and other drugs on contract basis, (e) explore the possibilities of new drug delivery mechanisms and alternative use of existing drugs, and (f) collaborate with multinationals to engage in R&D, clinical trials, product development or marketing the patented product on a contract basis and so on. Besides these strategies, India's strength lies in process development skills. This expertise utilised within the WTO framework with emphasis on quality standards will provide India a competitive advantage over other Asian countries.

Saravanan, K., "Is WTO Agreement a Panacea to Solve Problems of Agriculture in India?", the paper examines the impact of WTO agreement in the Agricultural Sector in India. The present paper also made a modest attempt to trace out the need for the modernisation of Indian Agriculture to make it suitable in the globalisation process.

Sarma, Geetali and Sarma, G.C., "WTO Agricultural Negotiations and India", in this paper an attempt has been made to discuss the recent WTO agricultural negotiations and its effect on India's agriculture. The paper concludes that the implementation of WTO prescribed rules and regulation caused various damages to as well as benefited the Indian Agriculture.

Saxena, Puja, "Impact of WTO on India's Foreign Trade: Trends and Prospects", this paper is an attempt to study the impact of WTO on India's foreign Trade. The paper begins the analysis by the first discussing the nature and principles of WTO, its role in the trading system of developing countries in general and then in India. The paper studies the trends of the composition and direction of India's exports and imports prior to the establishment of WTO and in the post-WTO period. Thereby, an attempt is made to analyse the role and impact of WTO on India's foreign trade using statistical and econometric tools. A brief study of the share of India in World Trade and share of GATT/WTO members in World Trade is also undertaken. The paper concludes with a brief insight into the prospects for India's trade – exports and imports along with the direction. The implications of the prospects lie in the building up of India's position and role at the global level especially as an important member of WTO and to promote the process of Economic growth in our country.

Shah, Rekha H., "WTO – Its Impact on Indian Information Technology Sector",

One sector that has single handily managed to put India on the global map in short span of time is Information Technology (I.T.). With a contribution close to Rs. 60,000 crores to the country's GDP I.T. has not only become India's key economic driver but also its great white hope for the future. The Vedic adage "knowledge is wealth" aptly sums up the Indian opportunity in new century.

India, which has struggled over the last fifty years to find its leading sector for its economic growth and competitive advantage, seems to now have found it at last in the knowledge sector of economy. India's emerging success in information technology is the first evidence of competitive advantage.

Various factors, which stand in India's favour, are labour costs, which are 50 – 60%, lower than in developed countries, qualifications, quality of work, linguistic capabilities, work ethics etc. Another important area, which can contribute further to growth of I.T. sector, is Business Process Outsourcing (BPO). India is today preferred outsourcing destination for U.S.A. The strategic importance of IT industries has been established beyond doubt. In fact IT companies are on the path to becoming the 21st century equivalent of utility companies where they provide computing as utility much like electricity, piped gas and water. As the transportation cost of computing is much less than electricity the Indian companies located thousand of miles away can compete hand to hand with any international company in providing this utility given the fact that the costs of Indian computing power is much less.

India's challenge as a nation today is to find entrepreneurs, the likes of Infosys, Wipro, Reliance, NIIT, Jet Airways, Zee TV to name a few, who have vision and dream and who shall be in the words of Prof. David Birch of MIT the Gazelles of tomorrow.

Sharma, Dinesh Kumar and Hassan, Masood, "WTO-GATS and India: Destination or Crossroads", the paper explains that GATS provides an international platform to India like all member countries to negotiate, make and receive offers regarding trading of services with probable and potent trading partners to achieve the business goals of the economy and to fulfil her developmental necessities. Moreover the paper says that India has to adopt dynamic and proactive approach in dealings under GATS, keeping in view her necessities, priorities, situations and global trade environment. The policies should be framed and appropriate positions should be taken timely to avoid any opportunity loss in the form of missed investment, capable of expansion and development of any service sector through proper allocation and utilisation of available resources, thus enabling cost reduction and adequate supply of services. At the same time India should be vigilant in ensuring essential public services supply both in terms of quality and quantity at appropriate time and competitive prices, hence safeguard the social development dimension of the nation.

Sharma, N. and Sah, S.P., “Trade Related Aspects Intellectual Property Rights (TRIPS): It’s Impact on Pharmaceuticals Industry of India”, the paper examines the impact of TRIPS on pharmaceuticals industry of India. The paper writes that India is one of the founder members of WTO so India can not go back from TRIPs Agreement. But as it is proved that the TRIPs Agreement goes against the patent Act of India 1970. Under this patent Act, only the process patents are granted in food, chemicals and medicines, whereas in TRIPs Agreement, product patents are granted in all these areas. To meet the requirements of TRIPs the entire patent Act, as operative in India, will have to be changed. As argued by many experts, most of the changes will be detrimental to Indian interests and further lead to brain drain which would cost India heavily. The granting of product patents will have an adverse effect on the Indian pharmaceutical industry. The prices of drugs and medicines will rise considerably. This will affect vast sections of the poor on the one hand, and many Indian drug companies may be forced to shut down, on the other. It would, therefore, be logical to draw the perception that WHO’s philosophy for “health for all” will remain an illusion for the common Indians.

Sharma, Nidhi, “WTO, Tariffs and Developing Nations”, in this paper an attempt has been made to assess the issue of tariffs and its effects on Indian economy. Section I gives an introduction. Section II provides the background of GATT, WTO, different declarations about free trade and industrial goods tariffs. Section III discusses the concept of tariff, and its macro general effects on an economy. Section IV discusses the Doha declaration about NGMA and also emphasises upon Market Access to Non-agricultural goods. Section V deals with the issue of employment and competition and section VI is conclusion. It concludes that tariff imposition ultimately leads to lower equilibrium point for production as well as for consumption, i.e. loss in production, consumption and investment efficiencies of the country.

Sharma, Sudhir and Bhadauria, Arun, “Indian Economy & WTO: Various Issues and Implications”, present paper discuss the various aspects of globalisation under the purview of WTO and its provisions. It opens debate on the sanctions and proposals mentioned in WTO-AoA and its charter. It also describes various aspects of implications of WTO norms on the overall international trade of India with rest of the world while concluding part shows new paradigms of Agro-Business in Post-Cancun and Post-Geneva period.

Sharma, Suparn K. and Ran, R.K., “Intellectual Property Rights and Indian Economy: An Analytical Study”, the paper mentions that India is not ready to take the advantage of the Intellectual Protection Rights regime. Neither has India been able to take stock of resources nor could create an appropriate legal framework to address IRP issues. In the era dominated by WTO, India should look into its potential and try to protect its Intellectual Property by enacting proper legislative measures. In Doha, there was no major gain for India, as the transitional period for ratifying TRIPs agreement for developing countries remained unaltered at 2005, while it was only decided that LDCs could be given an additional time period of ten years for ratification.

In the end, the paper says that the crux of the Intellectual Property Rights is: to give credit where and when, it is due. With the emergence of the knowledge society and virtual products, the issue of safeguarding the investment in the information-based products has certainly gained high importance. We, as consumers or producers in the information chain, can not afford to be ignorant about the Intellectual Property Rights. Thus, the protection of IPRs has definite benefits, such as to propagate innovative culture, profitability, and market leadership and helps in creation of wealth for the individual and the nations.

Sharma, V.D., "WTO Rural Development: Problems and Prospects in Indian Perspective", the paper explores that the provisions of WTO are hampering the rural and agricultural development. We have two options – No. 1 – either we force to WTO to rectify the biased provisions to ensure equal opportunity for all and to support the poor countries, No. 2 – or we developing & poor countries may withdraw form the membership of WTO and to form a new platform of 'GLOBAL FAMILY' to provide fair competition, support to wreakers, equal opportunity to develop to all.

Sheereen, Zeba, "GATS and India's Services Sector", the paper intends to analyse the GATS agreement and services sector in India. The GATS agreement has unleashed an array of potential opportunities for India and India's own action ahead will determine how much it is capitalized upon.

Shome, Samik and Bhattacharyya, D.N., "Marketable Surplus, Export Opportunities and Food Security of Small Farmers under AoA Regime in India", the major objective of this paper is to investigate the possible outcome with respect to maintaining food security and poverty reduction under the AoA regime. Two crucial points have been investigated to address these issues. First, to what extent the small farmers would be able to generate marketable surplus? Second, what kind of protection do they need under the changed situation? Moreover, do the small farmers have any benefits from export opportunities through market access? Answers to these questions based on statistical data have been reported in the three sections of the paper.

Shrivastav, Satish, “WTO and IT & Software Industries in India”, this paper tries to analyse the impact of WTO regime on Indian Industries with special reference to IT and Software Industries in India. Further, the paper writes that the WTO has its plus and minus points. The gain or loss will depend upon the competitiveness of the industry. The new Patent Act necessitates that we have to find out our resources through our own inventions and innovations and, therefore, India is required to spend more on R & D. Our expenditure on R & D is only 0.62 per cent of our Gross National Income. Japan & U.S.A. spend around 3.00 per cent of their GNP.

Sidhu, M.S., Singh, Sukhpal and Dhaliwal, T.K., “Export and Import of Agricultural Products in India: An Appraisal of Post-Reforms Period”, the paper highlights that the share of agricultural exports was to the extent of about 18 per cent of the total exports from India in 1991-92, which declined to about 13 per cent in the year 2003-04. The agricultural exports have increased in absolute terms from about Rs. 7838 crore in 1991-92 to about Rs. 36894 crore in 2003-04. But the rate of growth of agricultural exports was 13.01 per cent per annum as compared to 16.10 per cent annum for total national exports in the post-reforms period. The share of agricultural imports in the total national imports had increased from about three per cent in 1991-92 to about six per cent in 2003-04. Thus, the agricultural exports have mainly been stressed under the new economic policy introduced in India in the year 1991 and the present world trade environment has opened up new opportunities and challenges for the Indian economy in this regard.

Singh, B.V., Singh, N.P and Singh, P., “The Trade Gravity between India and the World after Implementation of the WTO in Its Totality”, the paper makes it clear that blind race towards liberalisation, reduction of tariffs and opening up domestic market can not be very useful. Although the fact remains that there are still miles to go before the realisation of WTO as it is contemplated. The developed world is adopting measures in disguise to protect their economies. Besides, they have framed rules that could be used a protecting measures. On the other hand under developing counties like India are trying to adopt the proposals with all their honesty. As a result, there has been growth but it is clubbed with unemployment, closing down of many indigenous small and medium enterprises, removal of indigenous variety and reduction of production in agriculture. The export-import gap is being filled by flow of foreign exchange. Therefore, certain protective measures and a policy of ‘Go Slow’ can be adopted unless sufficient preparation in terms of financial and social sector reforms is made at domestic front.

Singh, Bikrama and Singh, Veer Abhimanyu, “Indian Economy in the Global Game of WTO”, the paper shows that in the global game of WTO negotiations, Indian Agriculture has reaped no immediate dividends. Apparently, there seems a treat to Indian agriculture in future. Benefits in IT Sector have been accrued significantly, but there is a little boost in exports of IT Sector. The major impact of WTO on export and import of India has been a greater increase in imports than export. Therefore, it is suggested that the foreign investment should be allowed in export oriented developing areas.

Singh, Harinarayan and Thakur, Asheshwar, “Environmental Implications of India’s Foreign Trade”, the objectives of the paper are: (a) to provide an overview of India’s trade and overall production and consumption of energy during the liberalised WTO regime, (b) to analyse and understand how trade and environment in India have changed during the liberalised period in general and more specifically during post-WTO period in particular, and (c) find ways to achieve environmentally sustainable economic development. The paper concludes with the following suggestions,

- Better knowledge and awareness of environmental issues should be given to every citizen of the country.

- Companies engaged in research related to environmental improvement should be encouraged through various incentives.

- Industries should be required to regulate their emissions in order to decrease their green house gases.

- We must go for clean energy like solar and wind energy, etc., that provide the fuel we need at a fraction of the environmental cost, and

- We must use resources much more efficiently.

Singh, Inderjeet and Kumar Parmod, "TRIPS and the Indian Software Industry: the Underlying Dynamics", the paper is an attempt to analyse the IPRs with reference to socio-economic dynamics of software piracy. Interestingly paper focuses that investing in the developing and underdeveloped countries for technology creation, diffusion of innovations and human skills is not in contrast to the competitive interests of leader and potential leader countries. A little relaxation and/or compensation in the present IPR system will benefit finally the developed world in the long run.

Singh, Kapildeo, "Indian Agricultural Export and World Trade Organisation", the paper suggests that India should opt for world-wide removal of all types of internal and external restrictions on agricultural trade. There is also the need to have appropriate machinery for effective international commercial diplomacy and she must rediscover erstwhile friends in the global arena.

Singh, M.P. and Sing Vimal Shankar, "WTO Provisions and Small-Scale Industries in India", the paper elaborates that the biggest challenge is the emergence of less competitiveness of SSIs, due to the lack of policies and environment, unawareness of WTO policies, infrastructural and structural bottlenecks. The paper also suggests that in order to overcome all these problems Government should prepare a comprehensive profile of SSIs, make SSIs aware of changes in WTO policies, they need to reorient their R&D. It will require heavy investment for the development of latest technology. Government should transfer saved revenue from non-permissible subsidies to permissible subsidies. Further, infrastructure bottlenecks should be removed.

Singh, M.P., and Jha Pramod Kumar, “WTO and Indian Agriculture: An Egregious Weapon of TRIPS”, the paper discovers that the situation urgently demand that Indian planner should recognize and exercise issues related to patent problems effectively by accelerating the level of Research and Development (R & D) in order to preserve huge biodiversity along with new varieties of plants. The cost of negligence on the part of Indian planners in minimising the problem will have to be paid by generations to come. Apart form gaining or losing, the remarkable point to note is that if India could not have accepted the TRIPS agreement, the Indian economy would have been isolated from rest of the world in the field of international trade.

Singh, Madhusudan, “WTO and India”, the paper highlights that a country gains or loses from trade liberalisation on the strength or weaknesses of its economy to face global competition. Trade liberalisation provides market access abroad. This will be beneficial only when India has the ability to supply goods and services at a price and quality level, demanded in those markets. The task is, therefore, clear. The government, industry, agriculture and the service sector-all must take measures to improve the country’s global competitive profile.

Singh, Neelam, “The Investment Issue: Revive or TRIM the Performance Requirements?”, the paper examines the issue of performance requirements in the context of the Trade-Related Investment Measures Agreement, and its likely review, indirectly as part of the future Investment negotiations. The entire paper is divided into six parts. Section 2 defines performance requirements, and describes the current legal standing of various PRs. Section 3 examines the rationale for imposing different performance obligations, as well as the arguments against their use. Section 4 provides evidence on the incidence of PRs, and their developmental and other impacts, with special reference to India. Section 5 critically evaluates the PRs as development tools. Section 6 explores some feasible options for developing countries regarding the usage of PRs, in the future negotiations on TRIMS and Investment Issues.

Singh, S.P. and Behera, M.R., "Export Prospects of India's Livestock Products: Trends, Dimensions and Determinants", the paper examines the implications of WTO negotiations for export of livestock products, analyses the trends, dimensions and determinants of export of livestock products' and suggests measures for their export promotion.

The paper emphasis that prospect of livestock sector in India is quite promising, as there still exists immense potential to enhance, production, consumption and export of livestock products, especially meat and dairy products. Under the liberalised trade regime, India expects to get ample opportunity to improve her stake in the expanding global market of meat and dairy products. However, in order to tap this opportunity, the country has to enhance the competitiveness in the world market, which largely depends on two factors – the price competitiveness and the product quality with international standards.

Singh, T.N., Jha, Balram and Paswan, Bijoy Shankar, "Trade Liberalisation under WTO & Its Implication for Textile and Pharmaceutical Industries", this paper deals with the all pervasive scope and coverage of the WTO. The paper says that Textiles, pharmaceutical and biotechnology sectors in India have made a robust growth under WTO commitments.

Sinha, Priyanka and Sinha, Vivekananad, "TRIPS Pharmaceutical and India", the present paper attempts to show how Pharmaceuticals patents privileges the interest of rich nations over the poor, and how TRIPS agreement reduces global welfare by hampering competition and economic efficiency. The paper explains that the Indian pharmaceutical industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this subcontinent. However the new ‘trade’ rules of the World Trade Organisation now pose a serious threat to the industry and to the millions who are dependent on it for their health and livelihood.

Sinha, Pushpa and Mitra, Ratan, “Impact of WTO on India’s Foreign Trade”, the paper writes that India being a signatory member of WTO has to follow the rules and regulations of this world-wide organisation to improve trade. Like any other institution the influence of WTO is both positive and negative in India’s trade. Positive aspect related to increased growth and competition whereas negative aspect affects the prices in world market.

Sinha, Reeta, “Product Patents: Emerging Challenges and Opportunities for Pharmaceutical Industry in India”, the paper mentions that when we joined the WTO ten years ago Indian Pharma exports were less than 4000 crore rupees. A decade later our Pharma exports are 14, 000 crore rupees and account for more than a third of the industry turnover. Out of this, nearly 65 per cent came from formulations and 45 per cent from bulk drugs. It can be seen as a result of our adherence to new patent regime.

The paper also highlights that in order to survive in the present WTO regime of patenting the key is to be ‘the first’ in the field of invention and patenting. R.A. Mahleshkar, the Director General of CSIR has rightly coined the slogan ‘patent, publish and prosper’ and has advised that ‘we must patent every new invention before publishing’.

Solanki, Sandeep, P., “Impact of WTO on India’s Foreign Trade: Trends and Prospects”, an attempt is made in this paper to analyse the impacts of WTO on India’s foreign trade - trends and prospects. The paper is divided into IV parts.

The first part includes the information about WTO and India’s Foreign Trade, which provides the information regarding India’s exports, imports, current account deficit, net invisibles and net capital inflows as percentage of GDP since 1995-96 to 2003-04. In the first part, data of foreign trade clearly shows that - during the six-year period (1994-95 to 2000-01), India's average export growth rate was always higher than the world’ average export growth rate. India's export growth in 2000 was 16.46 percent against world export growth of 12.4 percent and India’s foreign trade accounts 41.5 of GDP. ---The second part includes the information regarding share of India’s exports as percentage of world exports. Data is given starting from 1995-96 to 2003-04. Data clearly shows that India’s share of exports as percentage of world exports has moved upward.

The third part deals with India’s foreign trade and trade deficit in US $ million since 1995-96 to 2003-04. The third part also shows the import and export growth rate. Overall exports of goods and services went up from $ 31797 million in 1995-96 to $ 63843 million in 2003-04, an increase of 201%. Overall imports of goods and services went up from $36678 million in 1995-96 to $78150 million in 2003-04, an increase of 213%. Exports growth rate increased from 20.8% in 1995-96 to 21.10% in 2003-04 while import growth rare remained almost same during this period of time. This part also includes inflows and outflows of services in $ billion. This part shows that every year, outflows on this count exceed the inflow.

The fourth part concludes India’s foreign trade and its prospects.

Soundarapandian, M. and Prabha, N., “World Trade Organisation and Indian Poultry Sector”, this paper has been made to analyse the poultry meat, India’s role of poultry meat, export of India, import of poultry meat, effect of WTO and Indian poultry sector.

Srivastava, Ms. Shuchita, “Implications of WTO/GATS on Higher Education System in India: A Critical Review”, in this paper an attempt is made to summarise India’s current position in this regard, focusing on the current status of the Indian higher education system, the ‘trade’ in higher education that is presently going on under different modes, the possible repercussions of foreign providers on the Indian higher education system, the Tenth Five Year Plan proposal of India in the field of higher education, and possible steps that could be taken to protect and promote national interests.

The paper is divided into five sections. The first section is an introductory part giving an idea about WTO and GATS, services covered under GATS, education as a service and higher education. The second section gives an overview of Higher Education in India through four modes of supply. In the third section, some basic facts about India’s Higher Education system are given, which are necessary to evaluate the impact of GATS on Higher Education. The fourth section includes the Tenth Five Year Plan proposal and some policy suggestions in the field of Higher Education service in India. The fifth section, gives the future prospects for India in the Higher Education services.

Srivastava, Roopali and Purwar, J.N. “A review of Indian Agricultural Export Scenario in the Context of WTO Regulation”, the paper explains that the tempo of growth in agricultural export and growing integration, India agriculture and global economy was short lived and could not be sustained after 1996-97. Agricultural exports took a downturn from 1996-97, after signing the WTO declaration, and declined to $ 5.5 billion during 1999-2000.

In this paper, the data shows that exports for the year 1995-96, it is 7.37 per cent and for 1996-97, it is 7.30 per cent, for 1997-98, 1998-99, 1999-00 they are 6.99 per cent, 5.92 per cent, and 5.30 per cent respectively. Over all these data show the declining trends in Trade per cent of GDP agriculture.

The share of agriculture in exports was 30.65 per cent is 198-81, the highest even share during the two decades the share declined to the lowest share of 15.09 per cent in the year 1999-2000.

Srivastave, Swamin Prakash, “Impact of WTO on the Pharmaceutical Industry”, the paper describes that the rates of growth achieved by the pharmaceuticals industry are impressive. But, in the coming years, the industry must be prepared to face global competition. However, as the industry has to meet the health needs of the poor, some control over it is inevitable. According to the planning commission, a strong, well equipped and professionally managed body- a Central Drug Administration – needs to be set up.

Subbarao, A., “Uruguay Round Trade Negotiations”, the present paper attempts to analyse the various areas of negotiations, the problems faced, outcome of these negotiations and its implications to the world trade. In section II we present the main Agenda of the Uruguay Round. Section III discusses the various issues and the outcome of the negotiation process. In section IV the new phase of regionalism and its impact on future world trade is discussed followed by a brief summary.

The paper concludes that the future will probably see increase and not a decrease in regulation in international trade. Prior to the Uruguay round much of the international trade was unregulated and outside the GATT frame work.

The Uruguay Round aims at maintaining a stable and open trading system in the future. For this reason it addressed to the various problems such as (a) encompassing expanding trade (b) nation – state, the paramount concern in international trade (c) safe guard of an open and liberal trading system, etc.

However the outcomes of the negotiations have attracted lot of criticism mainly in developing countries. Though there are many players at the present negotiations, it is largely the trade leaders and different groups that have led the negotiation process. As a result the developing countries feel that their interests have not been sufficiently taken care of. U.S has forced many crucial issues such as TRIP and cross – retaliation upon UDC's through arm-twisting. The difference in the ideal of multilateralism and the reality of layers bilateral and plurilateral trade relationships explain the actual functioning of the GATT.

The DFA does not provide much hope about the protective possibilities of multilateral frame work emerging at the Uruguay Round negotiations as almost every major developed country is a contributor to the new wave of regionalism sweeping the world.

The developing countries do not have any soft options. The final act will be an integral document and can not be accepted or rejected in parts,. Not singing the DFA will worse for these countries, as they have to face isolation in the international trade relations, more so in the present situation of unipolar world.

Syamala, M., "Liberalisation and Indian Agriculture in the Last Decade", the effect of Liberalisation on Indian agriculture are dealt with in this paper. The paper explains that it is very difficult to make any conclusions as to how liberalisation has affected the Indian agriculture. But one thing can be made clear that agriculture sector has been totally neglected in the past decade. In the nave of reforms and Liberalisation, agricultural farmers have also been adversely affected.

Tabassum, Rukhasana, "Impact of WTO on India's Foreign Trade: Trends and Prospects", this paper has attempted to analyse the impact of WTO on India's foreign trade. The study finds out the following tendencies in post-WTO India's foreign trade.

- Indian exports have increased but the share of India's exports in world trade has shown marginal improvement. It increased form 0.7 per cent in 2001 to 0.8 per cent in 2004.

- There is an improvement in export-import ratio, which is an indicator of self-reliance. This ratio improved from 72 per cent in 1998-99 to 83.4 per cent in 2002-03.

- Balance of payment crisis of 1991 has led to the introduction of economic reforms in India. India has overcome that crisis.

Thakur, N.K., "WTO and India Impact on Agricultural Trade: Present and Future", the present paper focuses on the effect of various agreements, especially Agreement on Agriculture (AoA) and its impact on Indian Agricultural export and import. This paper highlights how best can be future policies for boosting agriculture exports and lowering down imports through adoption of new technology in agricultural sectors, in the light of WTO, and boost agricultural exports by enhancing agricultural productions and make Indian economy, a strong economy in the world.

Thakur, Ram Bharat, "TRIPS and Indian Economy: Prospects & Challenges", there are two objectives of this paper: first, to bring into the present scenario of the Indian economy TRIPs, and second, prospects and challenges to extending multilateral rules and disciplines into new areas of TRIPS.

Thakur, Ram Naresh, "WTO and Indian Agriculture", the paper writes that India's leading stand is to safeguard its economic interests in the future and to rise to an economic power in the 21st century; it should have leadership and collaboration with such poor and developing countries as China, Brazil, South Africa, Argentina, Chile, Mexico, etc. Each opportunity like Cancun history provokes India to stand with the fraternal help of poor, backward and developing countries. India has created and established its history itself and it will do so again. India will create its century itself and this century will be created with the participation, collaboration and solidarity of poor, backward and developing nations.

Tripathi, G.C., Achutya Parth and Pandey, Abhishek Kumar, “Post TRIPs Technology Acquisition and Knowledge Transfer in India: with Special Reference to Pharmaceutical Industry”, the paper undertakes an assessment of the evidence emerging from India where in the post-TRIPS scene the best case conditions are supposed to be prevailing today for the prospects of industrial upgrading through the proposed path of integration with the international pharmaceutical industry. It analyses the prospects of the routes preferred by pharmaceutical industry-related domestic firms for its growth via export of generics to regulated markets, contract manufacturing and hosting for outsourcing of drug discovery research, drug development and clinical research. Contrary to the above-discussed predictions of studies on strong IPRs, it argues that if we go by the experience of the last nine years, strong IPRs have not favoured developing countries with the claimed benefits of increased access to good-quality FDI, technology transfer, overseas product R&D and stimulation of domestic investment in R&D for product innovation for local needs.

Tripathi, V.P. and Bhadauria, Arun, “Agri-Business & Agri-Export Zones: Experiences and Prospects”, the paper highlights that on the one hand, India has vast potential for Agri-Business, on the other hand we have to be very clear in our approach to tap this potential. Establishing of Agri-Export Zones (AEZs) is certainly the welcome decision of policy makers. In order to build proper infrastructure for Agri-Business, the process has to be started at the grass-root level.

Trivedi, Pratima, “World Trade Organisation and Indian Economy”, the paper expresses that the implementation of the policies of GATT agreement has seriously affected Indian industries. The Small-Scale Industries have to compete not only with the large units within the country, but also with the cheap imported products. The SSIs, which account for over 33 per cent of export, are in jeopardy. The SSIs have suffered due to the developed countries. Developed countries brought forth spurious environmental and social issues to prevent the exports from India of such commodities in which the country possessed comparative advantage.

Uliveppa, H.H. and Siddalingappanavar, M.N., “WTO and India: Commitments and Impacts”, the paper proposes that to meet the challenges posed by the developed countries, the developing countries will have to join hands to protect their interests in WTO negotiations in future. The co-ordination and solidarity, which they exhibited at Seattle and at Doha needs to be further cemented and strengthened. In this direction, developing countries are coming together; the Cancun Ministerial Meet is an evidence for that.

Veeramani, A.R., “Trade Liberalisation in Agriculture and Implications for Food Security”, this paper’s objective is to analyse the implications for India’s food security due to the implementation of AoA. This is done by analysing the changes in agricultural trade, cropping pattern and production of major crops and net availability of foodgrains.

Verma, Manoj Kumar, “India and WTO”, the paper explores that after introducing liberalisation policies and globalisation, Indian industries and enterprises are being closed one by one. According to previous economic survey 2, 24, 000 industrial units are sick in whole India. Only 463 out of 600 licensed sugar mills are under running condition. 143 out of 263 private sugar mills are also closed and remaining 120 mills are under deficit. The textile industries of India provide employment of maximum persons and earn foreign exchange, but almost all large textile industries had been closed since a decade. 313 textile industries had been closed till March 1999 out of which 90 mills had been closed in 1998-99. The power looms and handloom industries of India are also under crisis. About 50 per cent looms and hand knitted mills are closed now and remaining are running under lower capacity production. Our edible oil industry is also in crisis due to import of oil from foreign countries. On the whole, due to the new economic policies and globalisation (WTO is also one of the species of this genus) there was decay of rural and domestic industries in India on large scale.

Verma, Neera and Sharma, Pallavi, “Implications of TRIPs for Developing Countries with Special Reference to India”, the paper attempts to carry out an elementary analysis of the implications of TRIPs for the developing countries with special reference to India. The structure of this paper is as follows. Section I presents an outline of the emergence and basic objectives of the TRIPs agreement. Section II discusses the IPR regime in India since independence. Section III analyses the impact of TRIPs for developing countries in terms of development, transfer of technology, research and development and FDI flow. Section IV presents a sector specific approach of TRIPS covering pharmaceutical, software and biotechnology in Indian context. Section V concludes the paper.

Analysis of this paper indicates that TRIPs ignores the difference in economic and technological capabilities of the North and the South and is an instrument of “technological protectionism” where North generates innovations and South acts as a market for their products. The arguments that South will benefit through technology transfer, FDI flows from R & D innovations finds little evidence to prove this. No doubt the developed countries have suffered a lot due to piracy, which in turn calls for a stronger patent protection for developing would. But any such agreement must take into consideration it’s social implications for the lesser developed south.

Verma, Shaily, “Trade Liberation in Agriculture and Food Security in India”, the paper examines some important issues related to food security, which arise in pursuing the policies of trade liberalisation in agriculture such as:

- Whether food security could be achieved within the existing paradigm of trade liberalisation?

- What impact such a free trade regime in agriculture would have on food security?

- Is trade liberalisation in agriculture compatible with food security?

The paper suggests that the proper implementation of agreement can provide enormous support to Indian farmers. Agricultural trade and food security can go together with the sound agricultural policies under the liberalised regime. Only then India would be able to reap the benefits of liberalised agriculture and move toward a "Hunger free and Malnutrition free India".

Villalan, T.K.S. and Kalavathi, M.S., "Relationship between Trade Liberalisation, Economic Growth and Balance of Payments in India: An Econometric Approach", the remainder of this paper is organized as follows – the relationship between trade liberalisation, economic growth and balance of payments with empirical evidence, India's external sector performance. More precisely, this paper has raised the following questions: How and to what extent the WTO liberalisation policy is influenced Foreign Trade in India? Is there any significant impact of trading sector on economic growth and Balance of Payments? The present paper has around at exploring answers to the questions risen above, relating to India's trade policy, which appears to be of considerable importance in the context of India's recent major thrust for reforms.

Wahab, Abdul, "India's Exports under the WTO Regime: An Assessment", the paper is organised as – a brief historical background of the emergence of the WTO, its role and purpose, Indian exports; its growth, composition and structural shift, etc. More precisely, the questions addressed in this paper are: How far the size of India's exports has grown and the balance of trade improved under the WTO regime? Has India succeeded in penetrating into the world market more effectively? Has the WTO system contributed to the stability of export earnings and diversification of export basket?

Yadav, S.B., “WTO and Indian Agriculture”, this paper covers the major provisions of WTO, which might have implications on Indian agriculture and trade followed by suggestions and remedial measures. It also deals with the perceived threats and challenges, which Indian agriculture has to face in the days to come. It has been suggested that India has to work hard on the domestic front in order to increase competitiveness in Indian agriculture.

2. BOOKS:-

Agrawal, A.N. (2005), “Indian Economy – Problems of Development & Planning”, the book traced the various issues of the Indian economy. It describes the impact of economic reforms on Indian economy. It explores that, economic reforms, in their impact, have not been all beneficial. In part these are good, and in part not so.

Moreover it relates with WTO: Features and Assessment. It focuses that India will be benefited being a member of WTO with other developing counties as the same time there are several and serious shortcomings also that will mar the trade scene to the determinant of the developing countries, participating in trade. There are, at the same time, some important issues that still remain unresolved.[2]

Arya, P.P. and Tandon, B.B. (2003), “Economic Reforms in India, From First to Second Generation and beyond”, different papers presented in this book are listed below.[3]

- Bhasin, Reena, “Indian Economic Reforms and Urban Poverty”, the paper seeks to explore and assess the impact of economic reforms on urban poverty. In this context, the main objective of the study are:

  1. To find out the magnitude of urban poverty in India, beginning with a brief discussion of the definition of the poverty line and then analyse the long-term trends in urban poverty in the economy.

  2. To discern and analyse the pattern of inter-state variations in urban poverty.

  3. To examine the aspect of relative poverty, because it is possible that reform may not increase absolute poverty but they may have an adverse affect on income distribution.

  4. To assess the impact of reforms on the employment/ unemployment situation. It is possible that growth in employment may not get affected but the quality of employment may improve or deteriorate.

  The paper concludes that a comparison of pre-reform and post-reform scenario of urban poverty does not suggest either a clear improvement or an unambiguous worsening of the situation.

- Datt, Ruddar, “Economic Reforms in India: An Appraisal”, the paper concludes that the reform process has to be reformed so as to: (i) enlarge employment opportunities; more especially in the small and unorganised sector; (ii) promote growth process which is pro-poor; reduce our dependence on foreign countries, and bring about balanced regional development; and (iii) second generation reforms should take into account the fundamental failures of the reform process.

- Davar, S.C., “Internationalisation of Indian Economy”, this paper identifies the broad-based and pervasive definition of ‘internationalisation’. Describing the causes of the emphasis on internalising the Indian economy, the paper transcends into measuring dimensions of internationalisation-world market share, industry specific share in world exports, export orientation of different industries, export-related imports, import-export growth, and FDI in India and Indian investment abroad. The measuring parameters show that there is a very low level of internationalisation and export stagnancy continues to pose an economic challenge. Finally, the paper analyses the internationalisation issues such as technology, export competitiveness, export barriers, FDI, and exports vs. joint ventures abroad.

  The paper concludes that internationalisation of Indian economy poses a serious challenge to Indian economic planners regarding monetary, commercial and industrial policies. The long-term impact of the current internationalisation strategy on the employment, national income, export performance and associated problems should be identified. Adequate emphasis on skill development particularly the management skills should be laid so that benefits of joint ventures in India and abroad and FDI can be reaped.

- Dhillon, Sharanjit Singh and Kapoor, Latika, “Foreign Portfolio Investment and Indian Capital Market after Liberalisation”, in this paper an attempt has been made to analyse the foreign portfolio investment trends in India. The comparison has also been made about the relative importance of foreign direct investment and foreign portfolio investment. The effect of foreign portfolio investment on Indian stock market has also been analysed. For this purpose the present paper has been divided into five sections. Section I discusses the data-base and methodology. The comparative analysis of the foreign direct investment and foreign portfolio investment is undertaken in Section II. Section III discusses the overall trends in foreign portfolio investment and it's bearing on stock market. The effect of foreign portfolio investment on BSE index is examined in Section IV and the whole discussion is concluded in Section V.

The paper concludes that foreign institutional investors have shown keen interest in the Indian stock market and announcement of allowing foreign institutional investors to invest in Indian capital market resulted in up trend in the stock market.

- Ghuman, Ranjit Singh, "Globalisation and Developing Economies with Special Reference to India: A Macro Analysis", this paper has two objective: (i) to briefly analysis and discuss the various phases of world economic order/globalisation from the standpoint of the developing countries; and (ii) to briefly discuss the implications of globalisation for India. Part I of the paper deals with the first objective and Part II focuses on the second.

  The paper writes that LPG, in its present from and at its present pace, is not the appropriate choice for Indian economy and its peoples.

  The paper concludes that the salvation of Indian economy and people, thus, does not lie in LPG- leg growth, as it would not solve the pressing problems of unemployment, poverty, inequality and deprivation. In fact, LPG is being suggested, implemented and perpetuated by the rich and for rich. In view of this, the peoples of developing and less developed countries in general and that of India in particular would have to organise themselves and fight out the prevailing partial and unjust globalisation.

- Gill, Parveen and Gill, Pushpinder, "Economic Reforms and Poverty in India: An Overview", the paper writes that unemployment and poverty as major macro-economic issues are highly related with each other.

But, here an attempt is made to compile all facts and myths about trends of poverty in India since Economic Reforms.

- Gill, Sucha Singh, “India’s Economic Security in the Context of Globalisation”, the paper explores that the present process of globalisation and privatisation do not fit well into this system. A country, which can not make food available to its population, would find it difficult to maintain order and civil society and face a greatest insecurity from within and outside. The globalisation, in its present phase, is neither employment friendly nor cares much for the poor. The employment generation and poverty removal remain primarily the domestic concerns of the countries. The paper suggest that the globalisation has brought opportunities and has also several risks and insecurities for the economy. The opportunities have to be availed and risks and insecurities are to be avoided through appropriate policy measures and creation of necessary cushions and insulators.

- Kansra, S.L. and Sharma, Rajeev, “First Generation Reforms and Competition: India’s Corporate Sector in the 1990’s”, the paper elaborates that the reforms seem to have intensified domestic competition in Indian industries and, in conjunction with permitting competition from abroad through trade, it is clear that the levels of structural monopoly have come down.

- Kaur, Kuldip, “Liberalisation and Growth Performance of the Firms in India: An Analysis”, the paper explains that the entire premise of structural reforms is that the micro units, viz., the firms, will respond to the stimuli of the macro-environment. But how have the firms responded to the policy changes? How much have they grown? How will have they performed? Whether economic reforms have put the firms in their better or worse condition? Should we learn some lessons from the last 10-11 year? This study seeks to address these issues.

The paper concludes that it may be recalled that economic reforms or liberalisation process in the industrial sector was introduced to create competitive environment, which was supposed to increase the efficiency and improve the performance of this sector. But the present study indicates that the overall performance of Indian firms is not as good as was expected by the policy-makers.

- Khanna, Perminder, “Foreign Direct Investment in India in the Post-liberalisation Era (1991-2001)”, in this paper an attempt has been made to analyse the Course and Destination of Foreign Direct Investment in India since the Post-Liberalisation Era (1991) and its Role in the setting up of Special Economic Zones in the high-tech areas to boost Exports at competitive prices and to widen the Domestic Market in order to revive the otherwise sluggish demand detrimental to the Implementation of Mega Projects as per CMIE report 2001.

- Khurana, M.R., “Privatisation, Liberalisation and Globalisation: An Anatomy of Contemporary Indian Development Experience”, this paper is divided into five parts. Part first of the paper, being introductory in nature, overviews the major developments as have taken place across the globe in the 20th century, and have also affected our economy. In part two, we describe the focus of the key elements of the new economic policy. Part third describes the objectives and the database of the paper. Part four is devoted to an analysis of the concerns raised in the paper and the last part concludes.

The paper concludes that unbridled introduction of the process of privatisation, liberalisation and globalisation might create more problems than what it seeks to solve. To put the record straight, this might finally culminate into a situation, which may be labelled as ‘Economic Growth without Development’. In view of this, what is therefore needed is the formulation and implementation of a well-conceived policy, incorporating an in-built flexibility and adequate checks and balances.

- Nanda, Parmjit and Raikhy, P.S., “Performance of India’s Foreign Trade Sector in Nineties: Implications for Second Generation Reforms”, the paper seeks to examine the effect of the trade policy reforms of 1991 on India’s foreign trade sector (with special reference to exports) from 1991-92 to 2000-01. The paper has been divided into three Sections. Section I reviews important aspects of trade liberalisation policies, Section II considers effect of policies on foreign trade performance at aggregate level as well as at disaggregated levels, while issues for second generation reforms have been analysed in Section III. The paper concludes that the study revel that trade policy reforms as part of first generation reforms proved as mixed bag of successes and failures on India’s foreign trade.

- Rangi, Praneet, “Second Generation Reforms and Foreign Direct Investment: The Unfinished Agenda”, this paper analyses the initiatives that were taken in the beginning of nineties to attract the Foreign Direct Investment (FDI) in our country. Attempt has been made to identify areas of concern with respect to FDI that were earlier ignored or have not been addressed and hence need to be taken up in the second-generation reforms that have been initiated recently. The paper discusses first generation reforms in retrospect to answer the question why the FDI approvals and actual flow gap has widened in the nineties. The paper also makes some suggestions to make India a popular FDI destination.

- Singh, Parminder and Kaur, Swaraj, “Second Generation Economic Reforms: Some Emerging Issues”, the present paper reviews the impact of first generation reforms on Indian economy and present some issues relating to second generation economic reforms. The paper has been divided into three sections. Section I reviews the impact of first generation reforms on Indian economy. Section II present some issues relating to second-generation economic reforms whereas in Section II some implications for second-generation economic reforms along with major conclusions are discussed.

The paper concludes that at the dawn of the new millennium, the world around us is changing fast. To sustain and accelerate the growth of our economy and employment, while ensuring low inflation, our economy policies must combine fiscal discipline with rapid economic reforms wherever necessary.

Banerji, Kalyan and Vakil, Tarjani (1995), “India: Joining the World Economy”, the book brings together nine papers written by eminent economists, policy makers and opinion leaders on the critical aspects of India’s transition to a market economy from a mixed and controlled economy. A brief overview of the papers is given below.[4]

- Ahluwalia, Isher Judge, “Trade Policy and Industrialisation in India, 1992”, the paper examines the three major building blocks of India’s past trade policy, i.e. self-reliance, export pessimism and import substitution. Dr. Ahluwalia identifies critical gaps in the trade policy regime as it evolved up to the seventies, outlines the reorientation in the eighties and provides a broad assessment of the performance record. Finally, recent changes in trade policy are analysed. Dr. Ahluwalia makes a strong case for restructuring and trade liberalisation to achieve international competitiveness in Indian industry.

- Desai, Meghnad, “Capitalism, Socialism and the Indian Economy, 1993”, the paper addresses the following questions: Is capitalism desirable for India even through it may be inevitable? Is Indian socialism worth salvaging, difficult though such a task may be? Who will benefit and who will lose from a movement to capitalism? If the present reforms are halted or reversed, what are the alternatives? Lord

Desai argues that, in the past, India has practiced an underdeveloped form of state capitalism rather than socialism and that a rapid integration of the Indian economy into capitalism is imperative for achieving high growth and reducing poverty.

- Hussain, Abid, “Foreign Trade Policy in Indian Planning, 1988“, the paper outlines past Indian trade. Having emphasised the urgent need for a rapid growth of exports, a number of suggestions are offered for export expansion. Reduction of protection, ready availability of imported inputs at international prices to direct and indirect exports are some suggestions. A case is also made for focusing on export markets in the Asian countries and the East Asian NICs.

- Joshi, Vijay, “Macroeconomic Policy and Economic Reform in India, 1994”, the paper traces the causes of India’s macroeconomic crisis in early 1991, before reviewing the current structural reform programme. Prof. Joshi focuses on trade liberalisation and the management of the balance of payments. In particular, Prof. Joshi analyses the opportunities and problems created by the recent surge of capital flows into India.

- Narasimham, M, “Globalisation of Financial Markets and India, 1989”, the paper examines the evolution of the global financial market, concentrating on the eighties, particularly in terms of integration of markets an growth of new service products. Thereafter, Mr. Narasimham emphasises the need for India to increase the linkages of its financial sector with international markets in a sequenced pattern. In particular, a case is made for the opening up of Indian portfolio investment to foreign investors, further liberalisation in policies relating to direct foreign investment and establishment of an Indian offshore financial centre.

- Nayyar, Deepak, "International Trade in Services: Implications for Developing Countries, 1986", the paper explores various issues relating to international trade in services and the implications for developing countries. Problems relating to definition of services are analysed and the current dimensions of trade in services are outlined. The differing viewpoints of the industrialised and developing countries on the issue of the including services in the GATT multilateral trade negotiations are examined. Dr. Nayyar concludes that developing a multilateral framework for trade in services would be detrimental to the interests of developing countries.

Chadha, G.K. (2001), "WTO and the Indian Economy", the present book contains 23 papers. The papers cover a wide spectrum of issues ranging from the Pre-Uruguay Round trade realities to the numerous agreements signed under GATT, GATS and TRIPS, the post-1995 implementation of diverse clauses, the possible effects on different sectors of the Indian economy, and the needed initiatives, both at home and outside, and so on. Various papers presented in this book are mentioned below.[5]

- Bhukta, Anindya, "Indian Agriculture under WTO Regime", the paper examine agricultural issues related to WTO in the context of Indian agriculture. Sections I, II and III discuss respectively three basic clauses of AoA, namely market access, export competition and domestic support. Section IV discusses another agriculture-related issue namely farmer's right.

- Chadha, G.K., "India and WTO: Some Suggestions for Internal Corrections and External Initiatives", the paper concludes with brief overview of Indian economy, throws up a mixture of promises and challenges. Structurally, the 1990s marked a break from the 1980s; the overall growth rate picked up very well. Structural transformation went a step ahead; tertiary sector now accounts for nearly a half of the economy while the share of the secondary sector has witnessed a steady expansion. Globalisation too grew apace; external trade occupies a fairly respectable place in the economy. Trade restructuring is more than apparent; manufacturing exports now constitute an overwhelming proportion of exports, and so on. But then, the worry spots are equally noticeable, the most serious being the extraordinarily big loss of jobs, most conspicuously in sectors which are likely to be more readily exposed to competition through imports, as the last bit of import liberalisation comes off in April 201.

- Chadha, Vikram, "WTO and the Imperative of an Exalted Agricultural Research in India", the basic premise on which this paper dwells is that if the globalising forces are imminent to establish a global production pattern on the basis of geographical specialisation and comparative cost advantage, then the comparative advantage of the developing countries like India that lies so much more in labour-intensive agriculture and allied primary producing activities than in other sectors, must be thoroughly comprehended, and worked for.

  The paper suggests that keeping in view the dynamics of the emerging global scenario, India must put its agricultural research agenda on a stronger footing so as to gain a comparative advantage in the domain of its traditional economic section, namely agriculture and related sectors. This alone will provide it with adequate strength to withstand the shocks and pressures of globalisation which are not only going to increase but are likely to grow far more intense and fierce.

- Chakraborty, Debashis, "WTO and its Impact on Indian Agriculture and Industry", the goal of this paper is to analyse the impact of this agreement on Indian agriculture. The paper takes note of diverse tariff barriers operating among India's major trade partners, in respect of primary products, and contrasts India's own tariff rate adjustment/binding efforts, in respect of the major commodity sectors.

A brief overview of tariff barriers for manufactured products as well as the injurious eco-labelling programmes followed by many developed countries is also given.

- Dasgupta, Biplab, "WTO and India's Reform Agenda: One Step Forward, Two Steps Backward", the author also shares the view that, other things remaining the same; globalisation is beneficial for the world. Other things, as it turns out, do not remain the same, and we are witnessing a particular kind of globalisation, under the hegemony of the Trinity, that is by its nature partial. Leaving aside immobile 'land', the globalisation that is being promoted is that for the free movement of 'capital', which the rich countries have in plenty, across national frontiers, while the movement of 'labour', the third major factor of production that the poor countries have in plenty is coming under increasing restrictions in the rich countries. One can not have full and complete globalisation without the workers anywhere in the world having the right to move to places where there is a gap between the demand for and the supply of labour. If the capital is allowed the right to move to scarce areas, why labour too should not be given the right to move to labour scarce areas of the world? Similarly, if foreign capital is allowed 'national treatment' and is freed from 'local content requirements', why should not the foreign labourers be accorded the same privilege?

- Ganesan, P., "Linkages between World and Domestic Prices: A Study of Non-basmati Rice", this paper seeks to examine if world prices of agricultural commodities get transmitted to domestic regime. The analysis revolves around Indian non-basmati rice, namely Akkulu. Two specific questions are posed in this regard:

  1. What is the trend in variations in spread between world price and domestic prices? and

2. What proportion of the variations in world price is transmitted to domestic price?

The paper concludes that the variation in world price for rice was getting transmitted to the domestic consumer prices but at a relatively very low rate; on the other hand, India's domestic wholesale price for rice was getting fully transmitted to domestic consumer price over the period under study. As a result, the spread between domestic consumer price and world prices and the spread between domestic consumer and wholesale price increased substantially during the period between 1971-1995.

- Ghuman, Ranjit Singh, "WTO Regime: Some Challenges to Indian Agriculture", the present paper is an attempt to analyse and discuss the challenges to Indian agriculture in the emerging global scenario. It is divided into three parts: Part I traces out the development pattern of Indian agriculture over time. Implications of GATT Agreements 1994 and the WTO for Indian agriculture have been briefly discussed in Part II. Part III summarises the main conclusions and policy implications.

The paper concludes that Indian agriculture faces serious challenges both from within and from outside. From within, it would have to shift a sizeable proportion of work force to non-agricultural sectors. Along with it, Indian agriculture must be diversified. Another important challenge to Indian agriculture is to raise per hectare yield to the global level. Protecting its dairy and poultry sectors, from the onslaught of foreign competition, arising due to the removal of quantitative restrictions, is still another great challenge. In order to meet this challenge, the Indian Government would have to take serious and bold steps at the policy level. This is imperative to prepare Indian agriculture to face the internal and global challenge.

- Gulati, Ashok, “Indian Agriculture and the WTO: Preparing for the New Millennium”, the paper attempts to first review the Indian experience with respect to implementation to the three pillars of URAA (The Uruguay Round Agreement on Agriculture) in Section II, and then goes on to examine the status of developed countries with regard to these three pillars in Section III. In the light of this analysis, Section IV discusses what should be India’s stand in the forthcoming negotiations and why. This stand is spelt out keeping in mind India’s interests and options, as also to be in line with global liberalisation of space, this paper does not touch upon some non-trade concerns such as food security, which may be equally important.

- Guleria, Amar S. and Singh Nagesh, “WTO and Prospects of Indian Agriculture”, the present paper analyses the impact of GATT, 1994 on agriculture in India. The analysis traces the effects of WTO agreement on economic aspects of wheat production and trade in India. Wheat has been chosen for this analysis as the food security of India, fairly substantially, depends on the production of wheat in the country. The paper is divided into five sections. Section I briefly outlines the salient features of Agreement on Agriculture (AoA) and the agreement on Trade Related Intellectual Property Rights (TRIPS). Section II deals with implementation of these provisions within India. Section III deals with the implementation of the AoA internationally and its ramifications on Indian wheat scenario. Section IV deals with the TRIPS agreement. This section also brings out the organic link between the Convention on Biological Diversity (CBD), the TRIPS and the economics of wheat seeds. Section V, summarises the findings of the study and suggests some policy changes that could be adopted by India to globally integrate its agricultural sector and benefit from the globalisation process.

- Kaushik, K.K. and Karol Sanju, “Export Instability, Investment and Economic Growth in the New Economic Environment”, the present study is a modest attempt to use time series data pertaining to the period 1985-86 to 1998-99 to look at the relationship between export instability, investment, and economic growth in the new economic environment. The paper is structured as follows. Section I is introduction. A brief review of previous studies is provided in Section II. Section III outlines the data and methodology of the present study. The findings are given in Section IV. Conclusions are provided in the last section.

- Mishra, Harindra Kishor, the present paper looks into four sectors of the Indian economy under the WTO regime; these are agriculture, environment, labour standards and textiles and clothing. The paper concludes that developing countries should be united and firm not only to protect their trade interests but carry on a resolute struggle to democratize the WTO and the other world financial bodies like IMF and the World Bank. Developing countries should also campaign for the removal of restrictions for import of high-tech goods and abolition of non-tariff barriers being erected by the developed countries.

- Mishra, R.S., “World Trade Organisation and India”, the paper points out imbalances in some of the existing agreements as also the lopsided or contrived implementation of many trade clauses. India’s position on labour standards and environmental concerns is set out with clarity and analytical rigour.

- Mukhopadhyay, Somasri, “The Uruguay Round and India’s Export Response”, the paper concentrated on analysing whether the Uruguay Round has been a success story for international trade with particular reference to India. If it had been one, then there would have been an acceleration of the world trade. Global trade data from seventies onward reveal that the same has increased during the seventies, eighties and the first half of the nineties. But it is impossible to find an increasing trend since 1996-that is, the post-Uruguay Round era.

Rather, there has been a tremendous drop in the growth of world trade since 1997.

But then, as has already been mentioned, the impact of the Uruguay Round can not only be evaluated in quantitative terms. We can not deny the benefits coming out of the Uruguay Round in terms of intangible things. First of all, our attitude regarding exports has changed. We have continued our process of global integration, keeping in mind our obligations and commitments to the World Trade Organisation. The domestic economic policies are gradually getting changed to go in for a higher degree of integration. We are now gradually moving towards a competitive market scenario rather than a protected one. All these achievements can not be ignored, especially because of their long run beneficial effects likely to accrue to India, clearly in a few specified sectors, which have witnessed phenomenal growth and export dynamism in recent years. India must, thus, look at new pastures for which she has adequate domestic capabilities and promising export expansion.

- Nanda, Paramjit and Raikhy, PS., "WTO, Environmental and Labour Standards and India's Textile Exports – Some Implications", the paper writes that in view of the performance not being commensurate with the expectations, there is a need to look at India's performance on the textiles export front especially after the WTO restrictions came into existence. It is in this context that an attempt has been made in paper to study export performance of textiles for the period 1991-92 to 1998-99. The paper has been divided into four sections. Section I is devoted to database and methodology. Section II examines export. Section III analyses direction of commodity composition of textiles exports and geographic concentration/ diversification Section IV brings out conclusions and policy implications.

- Panchamukhi, V.R., “World Trade Organisation and India – Challenges and Perspectives”, in this paper, the first section, covers some broad issues-mainly positive aspects of the new trading system under WTO. In the second section, an inventory of some of the specific issues of analytical and policy relevance that have cropped-up in a prominent manner-as a result of the recent wave of the economic reforms, including globalisation, liberalisation and privatisation and the new trading system have been discussed. In the third section, some of the initiatives that India needs to take for taking advantage of the initiatives that India needs to take for taking advantage of the emerging opportunities of the new trading system under WTO are given. The last section gives an illustrative list of themes, which deserve attention of the professional researchers in the country.

- Rana, R.K. and Singh Kuldeep, “India’s Trade under the WTO: An Empirical Analysis”, the present paper analyses India’s global trade in the pre-and during the WTO era. Trade deficit, a key variable in our analysis, has a commendable bearing on economic growth and stability of the economy as it affects the key variables like capital inflows, exchange rate, investment, private savings and government spending.

- Sidhu, M.S., “Impact of World Trade Organisation on the Indian Seed Industry”, the paper sketches out the nature and the intensity of diverse problems likely to arise in the Indian seed industry. The over bearing significance of public R&D network in India and the central issues underlying TRIPs are brought out in bold relief. The paper concludes that TRIPS regime will provide an opportunity to the Indian farmers to get first rate seed technology, although, at a little higher price. This will give a boost to agricultural production in the country, which has somehow shown a slow-down in recent years.

- Singh Shrawan Kumar, “India and WTO: Facts and Issues”, this paper is particularly educative on issues concerning dumping and anti-dumping, and the political economy of trade negotiations among unequal partners.

The paper suggests that the government should considerably strengthen its infrastructure for undertaking global trade negotiations. There is a pressing need for active involvement of government, in terms of both enunciating broad policy issues and specific actions, in relation to the WTO. This requires the setting up of a specialized apparatus devoted to this particular matter. In addition, such a body should help the government to respond to and deal with new issues that are likely to be proposed by developed countries.

- Singh, S.R. and Nandkeoliyar, S.N. "WTO: Its Effects on the Indian Economy", the paper gives us a broad list of the prospective effects, both favourable and unfavourable, of WTO on the Indian economy; the detailed discussion on TRIPs and trade in services is the strong point of the paper.

- Singh, Sukhpal, "New Barriers to Trade under WTO: Implications of TBT and SPS Measures for India's Agro-Food Industry and Agro-Exports", the paper examines this relatively unattended aspect of the WTO agreement, i.e. Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary (SPS) measures, especially the latter because of their important implications for developing country agro-exports. Section 2 defined the scope of these measures. This is followed by a critique of the SPS measures form the point of view of the developing countries in Section 3. The implication of SPS measures for Indian agro-exports and agro-food industry are analysed in Section 4. The final section concludes the paper with some suggestions for improving the trade performance of the food sector under the WTO regime.

- Verma, Samar, "Impact of WTO Agreement on Indian Textile and Clothing Industry", the paper concludes that for long run the Indian textile and clothing industry has admonished the developed countries for following the Agreement in Textiles and Clothing (ATC) in latter and not in spirit. It is time the Indian industry ceased censuring the developed countries for doing their homework on WTO better, and, for a change, instead sit down to do their own homework as assiduously as possible.

Chandrans, R. (2005), “International Business”, the topics covered by this book are Multinational Corporations, Globalisation, World Trade Organisation, Intellectual Property Rights, Business Process Outsourcing, Offshore Banking, Business with Latin American Countries, NAFTA, ASEAN, European Union, Trade Theories and Impact on International Business, Trade Barriers, etc.

Cherunilam, Francis (2004), “International Business Text and Cases”, the areas covered by this book, very broadly, are an overview of international business; international business environment; international economic organisation, including GATT/WTO; globalisation; international goods, services and financial flows; multinational corporations; foreign trade policy and performance of India; India in the global setting and globalisation of Indian business; and, some social issues in international business.[6]

Das, Dilip K. (2004), “The Economic Dimensions of Globalisation”, the book traces the issues such as definition of Globalisation, benevolent debate versus malevolent debate, non-globalising economies, globalisation and poverty alleviation, globalisation and income inequality, changing gears of globalisation, global economic integration in the second millennium, first modern era of globalisation, contemporary era of globalisation, globalisation and monetary policy, globalisation and fiscal revenue, globalisation and competition, multilateral trade negotiations under the GATT and WTO regimes, etc., The author writes that those who contend that globalisation has exacerbated poverty around the world are wrong. A large proportion of the world's poor live in the rural areas of China and India. After globalisation began in these two economies, the poor people have discernibly benefited. China recorded an average gross domestic product (GDP) growth of 10 percent in real terms during the 1980s and the 1990s, and the proportion of poor fell from 31 percent in 1987 to 4 percent in 2000. Similarly, India also experienced acceleration in real GDP growth rate to close to 6 percent per year since economic liberalisation began. The average GDP growth rate for three decades before liberalisation began was 3.25 percent in India. The proportion of poor in the population dropped from an average of 50 percent during the 1950-80 period to an average of 25 percent in 2000.

Datt, Ruddar and K.P.M. Sundharam (2006), "Indian Economy", the book traced the various issues of the Indian economy. The book focuses upon the Economic Reforms, impact of Economic Reforms on Indian Economy. It includes the impact of Economic Reforms on GDP Growth, Employment, Poverty, Labour, Agricultural Sector, Industrial Sector, India's Foreign Trade and Balance of Payments, Foreign Investment etc.

Further the topics described by this book are Imports and Exports of India, Foreign Investment Flows by different countries in India, India's share in FDI inflows, Employment situation in India during the era of Globalisation, Inequality and Poverty, and most importantly the need for policy framework, [7]

It has also included Uruguay Round of Negotiations, 8th Round of GATT, Uruguay Round Final Act and its implications for India, Impact of WTO on Various Aspects of Indian Economy, WTO, Subsidies and Agriculture, India's Role at Doha Ministerial Conference (2001), Geneva Framework of WTO and India.

Gedam, Ratnakar, (1996), “Economic Reforms in India – Experiences and lessons”, the book focuses on various issues such as How does Economic Reforms Work? Market Failure and Market Intervention, Role of Government, Economic Problems and Solutions, Monetary Policy Management, Specific Areas of Reforms, Deregulations in India, FDI and Exports Relationship, Duration for Reforms, Summarization of Experiences Reforms, Reforms in Service Sector, Lessons from China’s Reforms, Outcome of India’s Reforms, Lessons from India’s Reforms, etc.

The book concludes that the experiences and lessons from reforms differ from one country to another. India’s reforms could be termed as “mixed blessing” to India. It has both good and bad aspects. The role of government is changing.

The book also highlights that in the context of reform “what government should do and what government should not” so that reforms could be successful, can be summarized in brief as follows:

What should Government do?	What should not Government do?
1. Opt for market friendly approach	1. Too much interventions is bad for country
2. Maintain macro-economic stability	2. Avoid fiscal populism
3. Speed up deregulation, institutional reforms, Privatisation	3. Pumping the money in sick SOEs
4. Export-oriented strategies	4. Import substitution, high import duty etc.
5. Strategic planning	5. Comprehensive and indicative plan
6. Invest in people and infrastructure	6. Investment in areas of interest private sector
7. Open economy in as many areas	7. Monopoly of the areas of praise possible interest

Gupta, K.R. (2002), "Liberalisation and Globalisation of Indian Economy", the book has a wide coverage and includes papers written by nineteen economists spread over the whole country. The papers closely examine important implications and impact of liberalisation and globalisation measures taken by the Government in recent years. The various papers presented in this book are given below.

- Gupta, K.R., "Second Generation Economic Reforms", the paper concludes that there exists a feeling that reforms have benefited only the upper class and a large part of the society has been left behind. This has created tensions in society and generated opposition to economic reforms. Adequate outlays on welfare measures for the sections of society left behind would lessen opposition to economic reforms. In other words the economic reforms must have a human face.

- Mehta, Ashir, "Development Issues for India: An Agenda for Strategy in the 21st Century", in the paper that follows, Section I begins with enumerating the basis for this changed perspective and the consequent change in focus of development objectives. Section II reflects on the development experience, particularly for India, over the past half a century. The changed perspective and objectives combined with the past experience of development, entails a review of major issues occupying development thinking in the 21st century and the central problems that must be addressed in formulating future development strategies, especially for India, which forms the theme of the paper in Section III. Needless to say, the development strategies, that India pursuer in the next century will have a crucial bearing on its prospects as a significant economic power worth reckoning. Section IV, finally concludes with an outline of agenda for development, in general as well as with reference to India, in the 21st century.

- Nanda, Paramjit and Raikhy, P.S., "Direction of India's Trade During Post-Liberalisation Period – Disaggregated Analysis", an attempt has been made in this paper to study commodity group-wise direction of exports and imports during post-liberalisation era i.e., for the period 1992-93 to 1998-99. The paper has been divided into four sections. Section I is devoted to database and methodology. Section II examines commodity group-wise direction of exports. Section III considers commodity group-wise direction imports. Conclusion and implications are given in Section IV. The paper concludes that in order to meet the challenges of external trading system, India's trade with middle-income nations should be further strengthened. South-South co-operation should be encouraged.

- Rani, T. Jyothi and Devi, K. Manuja, "Economic Liberalisation – Structural Changes in Employment Market in India", the main objective of the paper is to examine the impact of liberalisation policies on the structure of employment market in India as the programme of structural reform in India initiated in mid-1991 is expected to have a multi-dimensional, direct and indirect effects on employment.

- Srivastava, Madhuri, "New Economic Reforms and Economic Disorders: A Comparative Study of Two Decades", the paper attempts at exposing the facts related to:

    1. Meaning of New Economic Reforms;
    2. Measures taken under this package of programmes and
    3. How of existing economic disorders have been corrected by the introduction of this policy.

    The paper concludes that the New Economic Reforms were introduced to correct economic disorders. Some of them have been corrected. Efforts will continue until the national goal, i.e., growth with social justice is not achieved.

- Vijayalakshmi, S., Challenges in Indian Globalisation Process", in this paper an attempt has been made to review the performance of Indian economy in terms of GDP, FDI and trade, its rank in international stetting and challenges ahead in the era of globalisation process.

  The paper writes at the end that second generation reforms aim at 9 per cent growth. Such a high growth will have meaning if it goes hand in hand with equity, compulsory education for all children below 15 years, health for all, intensive rural development, infrastructure development, enhanced R and D expenditure and activities and business culture in pubic enterprises.

Kapila, Raj & Kapila Uma (2002), "A Decade of Economic Reforms in India", various papers/articles that have been published in this volume are listed below.

- Bhagwati, Jagdish, "Growth, Poverty and Reforms", the article writes that while the critics say that growth was an objective desired in itself by planners indifferent to poverty, economists such as myself argue that growth was, and is, desired because it would reduce poverty. The article highlights that growth help to reduce poverty because of three central reasons:

  1. It creates jobs that 'pull up' the poor into gainful employment by providing more economic opportunity;
  2. It provides the revenues with which we can build more schools and provides more health facilities for the poor; and
  3. It creates the incentives that enable the poor to access these facilities and also for the advancement of progressive social agendas generally.

- Chelliah, Raja J., "Economic Reforms: Strategy for the Next Decade", the paper mentions that during the next decade, to sustain a high rate of growth, we need, among other things, to maintain a high growth of exports and obtain large and growing remittances and sizeable foreign investment. For this purpose, we have to have a fairly open economy with a realistic exchange rate and the efficiency of our economy has to be further increased. Therefore, there is no doubt that the major reforms carried out from 1991-92 to 1996-97 were in the right direction. In the subsequent two years some more reforms have been carried out, but owing to political instability and quick changes of government, the reform initiatives have not been quite constituent and in some areas the action has not been carried out on a sustained or consistent basis.

- Jalan, Bimal, “Before and After Ten Years of Economic Reforms”, the article concludes that there are two prognostication about India’s potential for long-term growth that she came across recently. The first is by a well-known Indian economist with a distinguished record of forecasting. He has observed that, “it is possible for India to have a per capita income of US $ 30, 000 by the year 2047. If the Indian economy does as well as some of the world’s fast-growing economies have done, it could be even higher.” The second projection is by a Professor in business management in the United States. He estimates that, by the year 2025, India’s GDP would exceed that of Japan and India would then be third largest economy in the world (behind US and China).

Kumar, Ratnesh (2003), “WTO, Structure, Functions, Tasks, Challenges”, in this book an attempt has been made to cover various aspects of the issues relating to the working and performance of the WTO in historical background of the GATT trade regime, an attempt is also made in this work to present an in-depth analysis of the WTO new agenda-its work programme of the future and the new challenges it faces today and also in the years to come. The book further articulates the problems of developing countries in general and those of India in particular. The treatment is very simple and can be easily understood by those who are not familiar with the intricacy of international economics, which signifies a unique blend of economic and international polities.

Mehta, Pradeep S. and Purohit, Purnima (2002), “ABC of the WTO”, the book gives us the information about - What is General Agreement on Tariffs and Trade (GATT)?, What is Uruguay Round and how it is different from the earlier GATT Rounds?, What is World Trade Organisation (WTO)?, What are the differences between GATT and the WTO?, How does the WTO function?, How does the WTO select an area/issue to deal with?, What are the special concessions for poor countries under the WTO Agreements?, Why should India be a member of the WTO?, Is the WTO a threat or an opportunity for India?, Why should an individual be aware of the WTO?, etc.

Patel, I.G. (1998), “Economic Reform and Global Change”, the book highlights the following aspects: New Economic Policies: Indian Economic Reform – The Unfinished Agenda, A Historical Perspective, Some Reflections on Financial Liberalisation, Can Indian be an Asian Tiger?, The Indian Economy in 2020, The Challenges of the Twenty-first Century, etc.

Rao, P. Subba (2005), “International Business – Text & Cases”, this book presents an in-depth and comprehensive coverage of Principles and Practices of International Business. The book is divided into ten parts viz, introduction, international environmental issues, international trade policies, international strategic management, international finance, international marketing, international operations management, international human resource management, information technology and international business and lastly, the future of international business.

Singh, Jiwitesh Kumar (2001), “International Trade and Business – Emerging Issues and Challenges in the 21st Century”, this book discusses the emerging issues, challenges and perspective of international trade and business in the 21st century. Different papers presented in this book are listed below.[8]

- Kumari Sarika, "Role of WTO in Developing Countries with Special Reference to the Indian Economy", the main objective of this paper is two-folds. First to focus the attention to the question how far WTO's plan of action would be fruitful in optimising the comparative advantages from trade, technology, services and investment flow to developing countries in general and India in particular? And second for what sorts of Group action, India and other developing nation should jointly form so that protects their own interest in WTO forum.

  The paper suggests, at the end, that the developing economy and India in Asian region should jointly make a broad forum and they should discuss each and every specific clauses under the compliance the TRIMs and TRIPs jointly in such a manner so that they can benefit more and lose least because there is no options either for India or for developing economy to make them out from WTO forum.

- Kumari, Rajni, "WTO and India: Issues and Options", the purpose of this paper is to bring both the issues and options before India and how to cope up with the challenges and to manage the uncertainties and risk in an effective manner.

  The paper concludes that in the given global economic and political uncertainties, the only option for developing countries in general and India in particular is to improve their own economy strength, these have necessitated the emergency of black proposal to strengthen their joint action plan for protecting common interest in WTO forum for giving concrete meaning and substance to an important aspect of collective self reliance by blending the invisible and visible hands of the market and the state so that there can be a complete cohesion and harmony between competition and co-operation in the realm of international policy making with national interest as the prime objectives in the WTO forum.

- Mishra, Harindra Kishor, "World Trade Organisation and India: The Background and Future Tasks", at the end paper writes that India must be alert and careful in assessing the implications of WTO and decide its own national priority to take future policy decision. It is our first and foremost duty not only to protect our national interest but also to promote it gets best possible advantage of the given situation. Sovereignty of the nation can not and should not be compromised for some material gains and on most occasions even under pressure and coercion. We must look before we jump. The situation is inescapable but still there is wider scope to analyse things and manipulate them in the national interest.

- Priti, "WTO and India: Prospects and Possibilities", the pin pointed objective of this paper is to highlight the prospects and possibilities of WTO with respect to optimising the trade relationship both developed and developing nation, a special emphasis will be put on designing the prospects and possibilities which India can get through the various clauses under governance of WTO.

- Rani, Ritu, "WTO and India: Opportunities and Challenges", the purpose of this paper is to evaluate the opportunities and challenges posed by the formation of WTO to developing countries in general and India in particular.

  The paper concentrates on two-fold dimension. First, to highlight the opportunity through which, India can get benefits in the spheres of trade technology, investment flow and finance, for optimising her future dimensions. And second, what are the different types of uncertainties, which India has to face, and how to make risks management effectively.

The paper concludes that in an uncertain global atmosphere and volatility of policy measure have opened up least opportunities and many challenges to Indian economy in years ahead. Hence, India should make necessary platform by integrating like-minded countries to raise their bold voice for self-interest and regeneration in protecting common interesting in WTO forum.

- Roy, Prasoon Kumar, "Globalisation in Terms of Economy", examines the channels of globalisation for Indian, Globalisation and the Indian economy, Patent Law, Limitations of Globalisation of Indian economy and suggestions for the success of globalisation of Indian economy.

- Singh, B.N.P. and Singh Muneshwar, "WTO: Antagonistic Attitude towards the Promotion of India's Exports", the paper concludes that India has to obey new international economic order, if it has to survive with the globe. The agreement with WTO is indispensable and there is no alternative to it. If we want to use new technology, to activate innovational processes and to seek financial assistance from the international monetary institutions clapping with the WTO is a compulsive choice but not the cost of Indians. It should be kept in our mind.

- Singh, Leela, "A Study of India's Balance of Payments during plan Period". The paper outlines India's Balance of Payments position during three sub-periods – 1956-57 to 1975-76 (period I), 1976-77 to 1979-80 (period II), and 1980-81 to 1992-93 (period III). The paper makes it clear that period I and II characterised by persistent balance of payments problem, period III saw a substantial improvement in the balance of payments and the foreign exchange reserve position. The paper also focuses on how to solve the balance of payments problem.

- Singh, P.N., "India's International Trade in the Third Millennium", analyses the share of India's in World Trade. It also focuses upon

Export and Import in Post-independence Era, Present Trends of India's Foreign Trade, Principal Exports and Imposts of India During 1997-98, and most importantly India and WTO.

- Singh, Ram Binod, "WTO and Indian Economy", the paper concludes that globalisation offers great opportunities for human advance but only with stronger governance. Globalisation envisages preserving not only the advantages of global markets and competition but also to provide enough space for human, community and environmental resources to ensure that globalisation works for the people-not just for profit.

- Sinha, Ashutosh, "Foreign Direct Investment in India: Expectations not Realised", the present work makes an attempt to study the issues in relation to Foreign Direct Investment (FDI), the work is divided into three sections including the introduction, the second section provides a synoptic view of policies and measures adopted since 1991 to promote Foreign Direct Investment and also gibes the data related to the trends of FDI in India; the third section is devoted to the study of reasons for the lack of interest of foreign direct investors in India and other developing nations. This section also concludes the discussion.

  The paper concludes that attempts made by India in the direction of attracting foreign direct investment have not been adequate and hence they are to be strengthened, which may mean further liberalisation perhaps on the lines of China. Further efforts are to be made to provide better infrastructural facilities to foreign investors if the intention of increasing Foreign Direct Investment inflows is to be realised.

- Verma, Binita, "Problems and Challenges of India's International Trade during the Post-Reform Period", explores various issues relating to International Trade and Economic Development. The paper also highlights International Trade and Economic Growth in India, Reforms an Imperative, Dismal State of India's Export Performance etc.

Srivastava, Deepak (2003), "Globalisation, Privatisation and WTO – with Reference to India", this book provides the various issues of globalisation, economic integration, privatisation, disinvestments and WTO. It provides a comprehensive view of the opportunities of India under the globalisation and WTO regime.

Sury, M.M. (2001), "India: A Decade of Economic Reforms – 1991-2001", the book provides an exhaustive and critical account of economic reforms in India during the period 1991-2001. It provides a comprehensive description of the Indian economy as a background to understand the economic reforms, external Sector reforms, Assessment and future of Economic Reforms, etc.

Vaidyanathan, A. (2003), "India's Economic Reforms and Development", the book writes about A Decade of Reforms, Factors Affecting Reforms and their impact, Structural Adjustment in the Indian Economy, Attitude Towards Multinationals, The Experience of South Asian Countries, Lessons for India, Growth of Indian Industry, Poverty and Development Policy, The New Economics of Poverty, Some Aspects of Inequalities in Living Standards in Rural India, etc.

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Agrawal, Pradeep (2001), 'Improving India's Exports of Textiles and Garments", the article writes that India's garment and textile exports are likely to face fresh challenges with the phasing out of the Multi-Fiber Arrangement by 2005, as well as several regional trade treaties, such as NAFTA. Strong concerted policy action is needed, following up on the abolition of small-scale industry reservation for the garment sector, to enable it to grow rapidly and provide foreign exchange and employment in the Indian economy.

The author suggests that some other measures should be also taken, such as: promotion of higher unit value export products, diversification of the product mix, innovation in fabrics, fibres and garment designs, entry into new markets and promoting retail-ready products fetching higher returns. With these policy initiatives we hope that India's textile and garment exports can grow rapidly and provide the needed foreign exchange and employment to the Indian economy.

Agrawal, Pradeep and Saibaba, P. (2001), "TRIPS and India's Pharmaceuticals Industry", the paper explores that major changes can be expected in the Indian pharmaceuticals industry from 2005 due to the agreement on TRIPS, under which India will be required to introduce product patents for pharmaceutical products. This will be likely lead to sharp increases in the prices of newly patented drugs. Although the TRIPS agreement may also lead to increased research on diseases common in developing countries, these benefits can be obtained in alternative ways, and without high costs. Thus, the TRIPS agreement is not in the national interest and should be renegotiated.

The paper also makes it clear that India is relatively better off than many other developing countries because it has a reasonably well-developed pharmaceuticals sector. We must do our best to help make Indian firms more capable of undertaking research and development and to be more competitive in exports. This can be facilitated by providing generous tax incentives for undertaking research and development, and by allowing liberal imports of raw materials with minimum import duties. We should also actively encourage technological collaboration with foreign firms and the inflow of foreign direct investment in the pharmaceuticals industry as ways to bring new technology, research and managerial capabilities into this important sector of the economy.

Anant, T.C.A. (2001), "India and the WTO – Flawed Rejectionist Approach", the paper mentions that the consequence of the government's approach to the WTO and to trade negotiations is to create a self-fulfilling prophecy. Our flawed rejectionist approach to negotiations, with the absurd threats to leave, imply that we are unable to address our own immediate trading concerns, and end up with agreements which do not meet our concerns and which we are ill equipped to implement.

Bagchi, Sanjoy (2001), “India and the WTO – Sectarian Interests Versus the Public Good”, the paper highlights that an alliance of diverse sectarian interests is claiming that India’s acceptance of the results of the Uruguay Round of trade negotiations is threatening the sovereignty of the nation and the supremacy of its parliament. The fallacy of this wild propaganda needs to be exposed and the people educated on the benefits of a liberal and competitive trade regime.

The paper also focuses that India can no longer afford to resist market opening if it has to push ahead. It will have to remove inefficiencies. It will have to cut the flab in the system. It will have to welcome competition if it has to survive in today’s world. Turning one’s back on the WTO is not the answer. Having become a leading player in IT, having entered the field of space technology, having become a nuclear power and having claimed a permanent seat in the Security Council, surely India can not turn around and declare that it dare not face import competition and economic liberalisation.

Bardhan, Pranab (2001), “Social Justice in the Global Economy”, this paper analyses some of the opportunities and insecurities caused by globalisation and tries to show how a great deal of social justice remains within our grasp, even within the very real external constraints posed by globalisation.

In Section I, the paper has analysed the mixed effects of international economic integration on productive efficiency, income distribution, collective bargaining institutions and economic security. This was from the point of view of the working poor, both in the formal and the informal sectors, and the paper has tried to suggest that there is a need for new thinking. Moreover, it suggested that the rhetoric on both sides of this issue often ignores the various complexities involved. In Section II, paper has suggested that since social justice must have an efficient economic base to be sustainable, we should be concerned about efficiency, even from the perspective of egalitarians. But in that context, he challenged the idea of an efficiency- equity trade-off, which is a staple of much of public thinking and of mainstream economics, then went on to spell out various, mostly domestic, ways of achieving social justice without necessarily giving up on efficiency in a global economy. In Section III, it has discussed the question of global constraints on national governance. The paper has started with monetary and fiscal policies and then examined the feasibility and desirability of international rules relating to labour standards or environmental standards, and there it stressed the need for co-ordination.

Basu, Kaushik (2001), “India and the Global Economy – Role of Culture, Norms and Beliefs”, the article highlights that globalisation will bring with it many ill but on balance it will open more windows of opportunity for India than close. It is beginning to change the nature of management of Indian firms and will hopefully influence the Organisation of government. It is bringing new ideas for how to organize and how to govern the market. It is changing our beliefs about what is good and what is bad for the economy. These beliers may be right or wrong, but they will have a bigger impact on the economy than most people realise.

Bawa, R.S. (2002), “Challenges and Opportunities of Globalisation – Implications for India”, the article explores that there is need for generating credibility about the process for reforms so that the poor are not marginalised further. Therefore, the country requires the policies with ‘human soul’ and not only with ‘human face’. There is urgent need for huge investment in education, health, training, retraining and redeployment programmes, which may presently be beyond the capacity of the Government. Therefore the country should immediately start targeted programmes for the bottom 20 per cent and the worst off amongst these. Free education in good quality schools along with a stipend of reasonable amount is provided to one child of the families whose all members are illiterate and where entire settlement is illiterate. Government has to play crucial role in building market supportive institutions and to enhance opportunities for the poor.

Bhagwati, Jagdish (2001), “Targeting Rich-Country Protectionism”, the article focuses that even as the rich countries have lowered their trade barriers over the past five decades, they have continued to maintain a strongly protectionist stance against the labour-intensive products made in poor countries. This is a deplorable fact that trade economists and international institutions entrusted with trade policy-especially the General Agreement on Tariffs and Trade (GATT), which evolved into the World Trade Organisation (WTO), and the United Nations Conference on Trade and Development (UNCTAD)-have long noted and protested. The recent focus by the world’s leaders on this question therefore revives a long-standing complaint.

Chand, Ramesh and Phillip Linu Mathew (2001), “Subsidies and Support in Agriculture – Is WTO Providing Level Playing Field?”, the article writes that the agricultural package of WTO on domestic support and export subsidies provides for complex classification of support and subsidies for agriculture, some of which are totally exempt from reduction commitments. This classification favour developed countries, particularly EEC, the US, Canada and Japan, which are able to maintain very high level of support for agriculture in the exempt category. These subsidies empower developed countries to cause distortions in the international market and protect domestic production from competition against imports. Compared with developed countries, the level of support in developing countries such as India is so low that a level playing field in agriculture trade is a cry.

Crafts, Nicholas (2004), “Globalisation and Economic Growth: A Historical Perspective”, this paper considers some of the main developments in globalisation and growth during the 20th century in the context of conflicting claims in the economic literature. The objective is to provide a brief survey of historical experience relevant to the following questions:

- Has globalisation promoted ‘divergence bit time”?
- Is globalisation conducive to faster economic growth?
- Will international economic inequality decline in the globalised world of the future?

Daniels, Joseph P. and VanHoose, David D. (2004), “Global Economic Issues and Policies”, the book is addressing the following questions: What is globalisation? What is the extent of global trade in goods and services? How important are the international capital markets? What concepts do economists use to examine international economic issues and policies?, etc.

Dogra, Bharat (2005), “WTO and Agriculture – Protecting Livelihoods and Food security in Developing Countries”, the article describes that agriculture is the most important source of livelihood in developing countries. It employs over 70 per cent of the labour force in low-income countries. The capacity to produce adequate staple foods in just, sustainable ways to meet its food needs is the most important basis for ensuring food security in a developing country.

The article focuses that the practice of exporting agricultural surplus on the world market at less than the cost of production-or ‘dumping’-is one of the most pernicious aspects of industrialised. country trade policies, which the WTO has failed adequately to address. Unfair competition from dumped agricultural produce creates problems for developing countries by depriving them of foreign-exchange earnings and market share, and undermining local production, rural livelihoods, and food security.

Dollar, David and Kraay, Aart (2001), “Trade, Growth, and Poverty”, the article concludes that the integration of the world economy over the past twenty years has been dramatic. The experiences of the post-1980 globalizers show that the process can have great benefits, contributing to rising incomes and falling poverty and enabling some of the poorest countries in the world to catch up with richer countries. The real losers from globalisation are those developing countries that have not been able to seize the opportunities to participate in this process.

Dr. Mathur, Archana S. (2003), “The Cancun Summit At a Glance”, the paper highlights that a number of developed countries have not fulfilled some of their obligations for trade liberalisation. It is observed that the high subsidies in developed countries, particularly on some agricultural products, often leads to excessive production and tends to depress prices. Developing countries can not afford such subsidies and consequently agricultural exports of these countries have high tariff duties on items of export interest to developing counties.

Harriss, John (2001), “Globalisation and World’s Poor – Institutions, Inequality and Justice”, the paper highlights that globalisation is an extremely powerful ideology being projected as having no alternative. There is resistance, even if not coherent as yet. The practical basis for an alternative is to be seen in the progress being made in different parts of the world, often by left parties, to make a reality of deliberative democracy, as in the experiments with people’s planning in Kerala or with participative budgeting in Porto Alegre in Brazil.

Jalan, Bimal (2002), “India and The Challenge of Globalisation”, the article writes that the primary sources of comparative advantages today are: skills and ability to adapt and change. And, India has the advantage – of skills, of entrepreneurship and of managerial competence in taking advantage of these changes. Why are we so “unglobalised” in terms of our share in trade, investment or communication? Transition from a closed to a vibrant, open and a more globally dominant economy will certainly take time and will not be painless. As of now, we also have much greater tolerance for waste, non-work and survival of the inefficient, and the self-seeking then other fast growing countries. Somehow to make this transition-from a less productive and less challenging economy to a more work-oriented and competitive economy- is the real challenge of globalisation.

The paper concludes that the GATT is a vehicle to take us on the path of development in the 21st century. To get on this vehicle is not all that easy, nor is it simple to stay on it without losing balance because of the WTO's unique power of "cross retaliation". The wisdom of the nation's leadership will be tested fully on how to stay on course with the GATT vehicle and reach our destination of full development. Thus implementing the GATT and abiding by the WTO rules will mean an upheaval in our attitudes to work and quality. There will no more captive markets, no government protection against foreign competition, no tariff walls and quantitative restrictions to fortify industry against market force, and more consumer ignorance of alternative. On the contrary, transparency and audit will be the order of the day under WTO oversight. We will have to resolve to work hard, meet agreed schedules, and deliver quality products in far corners of the earth or perish. There is glory in such a resolve, and hence the nation must be inspired to sacrifice time and seat for it. The fruit of such endeavour would be that India would be once again become developed nation that she was 300 years ago by the then contemporary standards. Let us therefore respond squarely to the challenge of the WTO, and not find solace in escapism. When full implemented, WTO Rules will ensure a jump, a rise in global trade by US $ 600 billion. India should try and carve out 5 per cent of this increased trade.

Kabra, Kamal Nayan (2001), "Globalisation and Governance: Cloning the New Millennium", the present paper discusses the multi-dimensional concept of globalisation with special reference to the history and evolution of the concept. It also discusses the philosophical undercurrents behind

WTO as vehicle of unjust and democratic processes carried out in the name of globalisation.

Kelegama, Saman and Mukherji, Indra Nath (2003), “WTO and South Asia – From Doha to Cancun”, the article explores that WTO negotiations so far have shown that when countries forge alliances they can generate synergies and become powerful players. The EU, Cairns Group and the African bloc have emerged as influential groups within the WTO. Several factors have stalled the evolution of a common position among south Asian countries: regional politic and antipathies, the economic disparity in the region, and the temptation for individual countries to draw up dependent arrangements with developed countries in return for trade favours often detrimental to regional interests. Will Sough Asian countries function with a common agenda at Cancun?

Kumar, Gautam (2005), “The Poor Farmers in India Demand Power to Decide”, the article describes that nearly all the farmers’ rallies being organized in India in the wake of the forthcoming December Ministerial Conference in Hong Kong are replete with slogans “Khet Hamare, Fasal Hamare; Phir Kyon Nirnay Tumhare?”. The common thread running across all these slogans and demands, be it in spirit or letter, is the demand for power to decide. The poor farmers in India demand that the rich countries must give developing countries the power to decide their own trade policies, and not be forced into opening up their markets too deeply or rapidly.

Kumar, Nagesh (2001), “WTO Regime, Host Country Policies and Global Patterns of MNE Activity – Recent Quantitative Studies and India’s Strategic Response”, this paper presents some findings of a comprehensive attempt to quantitatively analyse the role of structural, geographical and policy factors in shaping the patterns of MNE activity. The focus is on the role of host government policies and on the implications of the emerging WTO regime in their light.

Parikh, Kirit S. (1999), “Agenda for Economic Reforms”, the paper concludes that these reforms are feasible. There is also a large political consensus on them. Lobbies of vested interests, and vocal minorities, would object to some of them. Yet, if we show courage and carry them out, India’s development can accelerate dramatically. We can grow at 8 to 10 percent a year and in a sustained, caring and inclusive way.

Ragothaman, Subadra and P.K. Bhatt & Dinesh (2005), “The Challenges of Indian textile Industry under WTO Regime: A SWOT Analysis”, the article describes that the process of economic liberalisation begun in the last decade has seen the industry become globally competitive, not only in terms of price but also quality. Modernisation has not been restricted to the installation of sophisticated processing machinery, wide width looms, autoconers, electronic clearers, splicers etc., but also to the adaptation of quality systems conforming to ISO 9000 standards. The SWOT Analysis provides the basis of our assessment of Indian textile industry.

Rangarajan, C. (2002), “Economic Reforms: Some Issues and Concerns”, the paper writes that risks of an open economy are well known. We must not, nevertheless, miss the opportunities that the global system can offer. As an eminent critic put it, the world can not marginalise India. But, India, if it chooses, can marginalise itself. We must guard ourselves against this danger. More than many other developing countries, India is in a position to wrest significant gains from globalisation. However, we must voice our concerns and in cooperation with other developing countries modify the international trading arrangements to take care of the special needs of such countries. At the same time, we must identify and strengthen our comparative advantages. It is this two-fold approach, which will enable us to meet the challenges of globalisation, which may be the defining characteristic of the new millennium.

Rao, C.H. Hanumantha (2001), “WTO and Viability of Indian Agriculture”, the paper explores that the experience of the 1990s clearly demonstrates that far from trade liberalisation dampening the performance of agriculture, the lack of public investment and effort has been responsible for failure to benefit from trade liberalisation by stepping up and diversifying agricultural output in a cost-effective way.

Sengupta, Chandan (2001), “Conceptualising Globalisation”, the paper argues that for an empirical study of globalisation to be strong, it requires to be grounded on clear measures of globalisation, those that are based on broader areas of social implication as well as its impact on various aspect of human life.

Shukla, S.P. (2001), “A Decade of Economic Reforms”, the paper examines the impact of economic reforms on Indian economy. It examines how reforms have failed to fulfil the promise of high growth rates, employment, globally competitive industries, accelerating exports etc. It discusses in detail the politico-economic forces creating and magnifying contradictions and instabilities in India’s political economy.

Swamy, Subramanian (2001): ‘The WTO Challenges and Opportunities’, the article focuses that the GATT is a vehicle to take us on the path of development in the 21st century. To get on this vehicle is not all that easy, nor is it simple to stay on it without losing balance because of the WTO’s unique power of “cross retaliation”. The wisdom of the nation’s leadership will be tested fully on how to stay on course with the GATT vehicle and reach our destination of full development. Thus implementing the GATT and abiding by the WTO rules will mean an upheaval in our attitudes to work and quality. There will no more captive markets, no government protection against foreign competition, no tariff walls and quantitative restrictions to fortify industry against market force, and more consumer ignorance of alternative. On the contrary, transparency and audit will be the order of the day under WTO oversight. We will have to resolve to work hard, meet agreed schedules, and deliver quality products in far corners of the earth or perish. There is glory in such a resolve, and hence the nation must be inspired to sacrifice time and sweat for it. The fruit of such endeavour would be that India would be once again become developed nation that she was 300 years ago by the then contemporary standards. Let us therefore respond squarely to the challenge of the WTO, and not find solace in escapism. When full implemented, WTO Rules will ensure a jump, a rise in global trade by US $ 600 billion. India should try and carve out 5 per cent of this increased trade.

Unni, Jeemol, Lalitha, N. and Rani Uma (2001), “Economic Reforms and Productivity Trends in Indian Manufacturing” this paper analyses the trends in growth and efficiency in the utilisation of resources in the Indian manufacturing industry before and after the introduction of economic reforms. It uses a comparative analysis of all-India figures with Gujarat, one of the most industrially developed states of the country. The study shows that both the organized and unorganised sectors in Gujarat seemed to be doing better than the all-India average in terms of growth of value added. Growth in the manufacturing sector in Gujarat was also more efficient than average all-India growth after the reforms were introduced. Gujarat’s strategy of physical infrastructure development, leading to industrialisation, has been the main reason for the growth of the state’s manufacturing sector.

The paper also states that the growth of value added, employment and capital in the organised manufacturing sector in the country as a whole surged forward after the introduction of economic reforms. Moreover the paper highlights that the organised sector grows rapidly during the reforms and period and growth in the unorganised sector declines.

Wade, Robert Hunter (2004), Is Globalisation Reducing Poverty and Inequality?”, the article writes that over the past 20 years or so India, China, and the rest of East Asia, experienced fast economic growth and falls in the poverty rate, Latin America stagnated, the former Soviet Union, Central and Eastern Europe, and sub-Saharan Africa regressed. But what are the net trends? The neoliberal argument says that world poverty and income inequality fell over the past two decades for the first time in more than a century and a half, thanks to the rising density of economic integration across national borders. The evidence therefore confirms that globalisation in the context of the world economic regime in place since the end of Bretton Woods generates more “mutual benefit” than “conflicting interests”. This paper questions the empirical basis of the neoliberal argument.

Watkins, Kevin (2002), “Marking Globalisation Work for the poor”, the article suggests that if we are to meet the challenge of poverty reduction, then the governments, international financial institutions, and civil society need to engage in a real dialogue over how to make globalisation work as a more powerful force for poverty reduction and social justice. At a national level, trade policy has to be brought into the mainstream of national strategies for poverty reduction and redistribution.

4. MAGAZINES:-

Ambani, Mukesh (2001), “Reforming Reforms”, says that sustained growth can be possible only if the focus shifts to the rural hinterland. He emphasises that policy-makers must place social renewal at the centre stage of reforms. Towards this, education, health, infrastructure development in rural areas, agriculture, water resources management and free flow of intellectual capital across borders have to be seriously addressed. India must break free from half-hearted and incremental efforts to bring about growth and prosperity.

Banerjee, Arindam and Seethapati K. (2006), “WTO – The Hong Kong Episode”, the article describes that the liberalisation drive that is being promoted by the WTO has a potential to lead to the closure of local firms, resulting in the loss of livelihoods to many farmers. That is a cause of concern since in the past also; liberalisation has proved disastrous for several local firms leading to their closure. With tariffs going down followed by cheaper imports, there is always a possibility of local products and jobs getting displaced. At the same time, one can not ignore the brighter side of liberalisation. Liberalisation leads to the increase in exports that brings with it more jobs and revenues. At the same time, it needs to be kept in mind that not all countries posses the production capacity and efficiency to take the fullest of the advantage. There are some countries that benefit out of it while certain countries find it difficult to generate any gains out of the same. In the recently concluded sixth ministerial conference, both the aspects of fear of losing out the impost as well as the potential of increasing the exports were the centre of discussion.

Das, Sibabrata (2000), “Journey From GATT to WTO”, the article mentions that the task of the World Trade Organisation is not easy as the protests of the dissenters in Seattle showed in November 1999. It will be ideal to lower or eliminate the tariff walls raised by different countries but its impact on the weaker countries would be disastrous. This is a game, which needs to be played slowly. Hastening its pace may amount to harakari by the poor countries.

Dhar, Biswajit (2006), “WTO - Hong Kong Meet”, the article concludes that the focus of the current round of negotiations on issues concerning the developing countries has had a salutary effect on the coalitions involving these countries which have gathered momentum over time. Hong Kong saw the culmination of this process as the “grand alliance” involving the G-90, the G-33 and the G-20 countries took shape. While this “grand alliance” has already taken the momentum of trade negotiations away from the developed countries, its influence on the outcome of the current round of negotiations may not be long incoming.

Dr. Dave, Nalini (1998), “MNCs: Threats and Opportunities”, the article suggests that India can use not-tariff barriers to protect its domestic industry and prepare itself to face MNCs successfully. There is no time to lose. WTO deadlines are fixed and have to be honoured. Therefore keeping the national interest in mind government should evolve the strategy on tariffs and other required changes for the next five years, which will help Indian industries to frame their own long-term strategies to take benefits in the changed scenario. Here while evolving such strategies we should take care of our culture, values, beliefs and philosophy.

Dr. Mathur, Archana S. (2003), “The Cancun Summit At a Glance”, the article focuses that a number of developed countries have not fulfilled some of their obligations for trade liberalisation. It is observed that the high subsidies in developed countries, particularly on some agricultural products, often leads to excessive production and tends to depress prices. Developing countries can not afford such subsidies and consequently agricultural exports of these countries have high tariff duties on items of export interest to developing countries.

Dr. Sundaram, I. Satya (2005): ‘New Opportunities in Pharmaceuticals’, the article focuses upon the: Outsourcing of clinical trials and drug research, Impressive progress of pharmaceutical companies in India during 2003, Foreign Investment in pharmaceutical industry, Impact of globalisation on pharmaceutical industry, Though competition, Challenges and Future outlook.

Dutta, Sanjib and R. N. Ajith Sankar (2005): ‘Competitiveness of the Indian Textile Industry – The Post-MFA Regime’, given article mentions that the phasing out of the Multi Fiber Arrangement (MFA) in January 2005, opens up new challenges and opportunities for the Indian textile industry

Guruprasad, M. (2005): ‘Textiles Spinning into Shape’, the article gives the whole picture of Indian textile industry. It writes about the Current scenario of textile industry, Structure of the industry, Transition phase: MFA to ATC, Opportunities of textile industry, and Challenges.

Kapur, Sandeep (2005), “FDI in India: Recent Trends and Prospects” This note places recent trends in FDI inflows and policy changes in a historical context, and assesses the role that foreign capital can play in continuing economic growth.

Kumar, Pramod (2005), “FDI A comparative Study Between India and China”, the article highlights the reasons that make India less attractive to FDI when compared to China. Although India possesses strategic advantage over China, several factors like Red Tapism, uncertainty concerning Disinvestments process, under reporting of FDI, political interferences in economic development etc., act as stumbling blocks.

Kumar, Pramod (2005), “Role of FDI in the Economic Development of Developing Economies” this paper elaborates the role FDI plays in the economic developing of the developing economies. The increasing role is due to the fact that it brings in the most modern technology, capital skilled labour, etc. Considering this, most of the developing economies are providing excellent investment climate towards foreign capital.

Paladi, Jangaiah (2005), “Foreign Direct Investments: Where are they Heading?, the article writes that globally countries today are economically more interdependent than they were a few decades ago. International trade has gone up manifold. According to HM Treasury, 2004, world exports grew from a meagre $84 bn in 1953 to a whopping $, 272 bn in 2002, which is attributed to declining trade barriers, sustainable growth rate and economic development across the world.

Rajyalakshmi, K. (2005), “China Ahead of India in Attracting FDI”, the article describes that FDI plays a pivotal role in the economic development of the country. China is ahead of India in terms of FDI attractiveness. India and China are viewed as two distinct markets by the global investors. The reasons for FDI attractiveness of India and China are compared and contrasted. The article also suggests the areas in which India is required to improve.

Rao, N. Janardhan (2005), “India - An Emerging Economic Powerhouse”, the article mentions that according to a recent report by Goldman Sachs, a leading global investment banker, the Indian economy is expected to be the third largest in the world by 2050, after China and the

US, overtaking that of France, Germany and Japan. Adam Matthews, Asian-region specialist with JP Morgan Fleming, echoing the same view says, “India is being rated even higher than China at the moment, and is a hot market right now”. Overall, all sectors of the economy are facilitated by a host of factors, such as growing agricultural production, stable prices, falling interest rates, and, of course, political stability in general and the restoration of goodwill between India and Pakistan, in particular. On the employment front, Indian IT majors as well as foreign outfits like Microsoft, IBM, Accenture, HP, Sun Microsystems, Dell Reuters, JP Morgan, Citi Group, HSBC, etc., are creating new jobs, which augur well for the economy.

Rao, N. Janardhan and Zaheer Feroz (2006), “Pharmaceutical Industry – A New Beginning”, the article concludes that the Indian pharma industry, though moving towards a global presence, still has some challenges to overcome. The domestic pharma industry has increased its R&D expenditure by about 500% in the last 4-5 yeas. However, the total national spending on R&D is still below $300 mn. This needs to be changed, considering the important role that R&D plays in the new patent regime. Production of low quality and spurious drugs is another weakness that the industry must overcome in order to avoid tarnishing its image at home as well as abroad.

Sarma, P.V. (2005), “FDI in India and China”, the article marks that Asian countries, especially China and India have a commanding lead in attracting more FDIs compared to other Latin American countries. There is a continuous reduction in the gap between the FDI flow in developed and developing countries globally. Compared to India, China is having an edge over India in attracting more FDI. A study report by UNCTAD expects a rise in the FDI flow to India if the government continues with the economic reforms with a commitment to attract more FDI. At the end this article presents an assessment on the FDI flow to China and India.

Seethapathi, K. and Banerjee Arindam (2005), "The Other Side of FDI", the article elaborates that of late, majority of the economies all over the world have opened their door to Foreign Direct Investment (FDI). The FDI extends a number of benefits to the host countries in terms of economic development, employment generation and technology transfers. At the same time there are some negative sides to the FDI flow like increased level of competition in the economy and concentration of investment in selected sectors to mention a few. This article also tries to explore the other side of the FDI in an economy.

Sharma, G.K. (2003), "WTO's Fifth Ministerial Conference at Cancun", the article writes that on the first day itself, India stole the show by making a coalition of 21 developing countries including India, China, South Africa, Brazil, Argentina, Egypt etc. which came to be known as the G-21 coalition. This coalition made a distinctive proposal for reforms of global trade in agriculture asking rich nations to bear the larger burden while suggesting differential responsibility for the developing countries.

Shastri, Paromita (1999), "For a Human Touch", the article writes that those of us who want India to open its arms wide and embrace the culture of globalisation in every spare of life, think again. For, as the UNDP's 10^{th} Human Development report points out, market dominated globalisation has led to growing marginalisation of poor nations and people, growing human insecurity and growing inequality with benefits accruing almost solely to the richest people and countries. "The global gap between the haves and the have-nots, the knows and the knows-not, is widening".

Singh, P.K. (2003), "Reforms in the Agriculture Sector", the article suggests that considering the importance of agriculture in Indian economy the focus now should be on achieving consistent and sustainable agriculture growth. An agriculture led growth will have a higher multiplier effect on rural development, employment generation and poverty alleviation.

Srujan, A. (2005), “Emerging Trends in FDI: Empirical Evidence”, the article highlights that Foreign Direct investment has involved as a vital resource for the economic development of different countries. Though the future trend of inward and outward FDI flows seems to be positive, a lot depends on the factors like global economic trends, liberalisation activities and stock market cycles within the different regions and countries. This article also makes an attempt to study the Global, Regional and Country trends in FDI.

Surjit Bhalla in his article, “Has Poverty Declined?” which was published in outlook on June 25, 2001, states that economic growth is necessary, and sufficient, for poverty reduction. The article explores that according to the 1999 NSS data poverty declined by as much as 10 percentage points, from 36 to 26 per cent, during the economic reform period.

Tripathi, Atul (2005), “WTO: Run up to Hong Kong Ministerial Meet”, this article is a backgrounder for the upcoming Hong Kong ministerial meet. It explains everything about WTO, covering what has happened in this multilateral trade negotiations from till now and leaves you prepared to comprehend what could transpire at the 16th Ministerial Conference of the WTO to be held at Hong Kong during 13th to 18th of December, 2005.

Unnikrishnan, K.P. (2005), “FDI in Service Sector”, the article gives a note on the importance of FDI in service sector and how it benefits the host country’s economy.

Vedpuriswar, A.V., “Globalisation: Rhetoric and Reality”, the paper is removing certain misconceptions of globalisation. It identifies some important issues, which have to be carefully dealt with wile managing globalisation. The paper also highlights impacts of globalisation, technology and globalisation, poverty and globalisation, the MNCs, the IMF, World Bank and WTO etc.

5. NEWS PAPERS:-

Dr. Khusro, Ali Mohammed (1997): ‘Reforms must extend to all sectors’, says that the inertia of the unreformed sectors hampered the growth of reformed sectors and a major exercise was needed to remove this anomaly. Making out a strong case for extending reforms and liberalisation to other sector, he said that at present the liberalisation and reforms were limited to three sectors- budgetary and fiscal sectors, foreign trade and foreign investment and industrial licensing. It was necessary for the different sectors were interred linked.

Puri, Lakshmi (2004), “Reviving Doha – Developing World Can Gain From WTO”, the article concludes that there are times when the pendulum swings from excessive expectation of development gains from trade, to pronouncements that the scene for development is dismal. We, however, believe the international trading system can deliver substantial development gains.

Dasgupta, Tapan (1997), “Globalisation has a price, it has to be paid”, the article writes that in the present world order, no country can afford to resist globalisation. There is a price to be paid for globalisation, just as their gains to be reaped. The countries, which have succeeded in minimising the social costs and maximising the gains have attained higher growth rates and higher standard of living, while those, which failed, like India, lagged behind.

Aiyar, Swaminathan S. Anklesaria (1999), “Globalisation, a century ago and now”, the author has compared globalisation of 19th century with the globalisation of 20th century. He writes that there are enormous differences between them. The article shoes the following differences.

- 19th century globalisation represented political conquest by the European powers; 20th century globalisation has been the era of de-colonialisation.

- Rich countries grew faster during 19^{th} century globalisation, while in the late 20^{th} century low-income countries have consistently averaged faster growth than high-income countries ones.

- In the 19^{th} century, inequality rose most between rich and poor nations. In the 20^{th} century, inequalities have risen most between Third World countries that seized opportunities created by globalisation and those that did not.

The article concludes that globalisation is not a panacea for all problems, as was demonstrated by the East Asian crisis of 1997-99. But, above and all, globalisation has lifted hundreds of millions out of poverty. Even when accompanied by rising inequality; as in China, it has raised 250 million out of poverty. Few forces in history have empowered the poor as much.

Stiglitz, Joseph E. (2005): 'The indispensable United Nations', says that globalisation has meant closer international integration and that in turn has meant a greater need for collective action. The United Nations, created for the purpose, must change with the changing world.

Mahanti, Tushar K. (2005): 'Regional Disparity Widens: Rich States Corner Benefits of Reforms', says that the pecking order of Indian states has remained unchanged.

White, Aoife (2005): 'EU offers to cut agri tariffs by 46%', the article writes that the European Union today offered to reduce average agricultural tariffs by 46%, its steepest ever farm tariff cuts, in a proposal aimed at breaking a deadlock in world tread talks. The EU said it would reduce the highest tariff rates by 60% and eliminates all subsidies for farm exports if trading partners made similar moves at a World Trade Organisation meeting in December. The EU did not give a time frame for the proposed cuts.

Subramaniam, G. Ganapathy (2005): ‘India jumps five notches in service export ranking’, the article focuses that India’s emergence as a powerhouse for services is getting established firmly with New Delhi jumping five places in the global service export sweepstakes. Overtaking entrenched players like Singapore, Denmark, Sweden, Switzerland and Luxembourg. India has become the world’s 16th largest exporter of services in 2004. As of 2003, India had occupied the 21st place among the world’s top exports of services.

According to data published by the WTO, India’s service exports stood at $39.6 billion in 2004, registering a growth of 16%.During 2003, India had exported commercial services to the tune of just $25 billion, with a growth of only 7%. The net effect of the strong growth was additional services exports to the tune of $14.6 billion.

India’s share in global services exports increased to 1.9% in 204 as compared to 1.4% the previous year, WTO statistics indicate.

The article ‘Interests of farmers, SSI to be protected at WTO talks’, quoted commerce minister Kamal Nath that the interests of Indian farmers and industry would be protected at the ongoing World Trade Organisation (WTO) negotiation. The topmost priority of the government is to ensure that the current talks at WTO don’t harm small farmers or small-scale industries (SSI). Additional market access will not be provided in areas that are considered sensitive for these segments.

The article ‘India set to support poor countries in WTO, quotes commerce minister Kamal Nath. In this article Kamal Nath says that India will continue to extend total support to developing economies on the contentious issues of free and fair trade during the Hong Kong round of trade talks.

The article ‘WTO talks deadlocked’, quotes commerce minister Kamal Nath. In this article Kamal Nath says that India has made it clear that developing countries will not part with new concessions on agriculture-demanded by the US and the European Union-even as hopes of a breakthrough ahead of the Hong Kong ministerial conference of the World Trade Organisation (WTO) faded away due to inflexible stands adopted by major members.

Reuters (2006): ‘Trade powers fail to erase obstacles to WTO deal’, the article mentions that six of the world’s top trading powers has made little headway in removing long-standing hurdles to a global trade deal, but reaffirmed a commitment to concluded a key part of the pact by the April-end.

Das Tarun & Kantha Sharmila (2005): ‘The invisible trade barrier’, the article mentions that the forthcoming Hong Kong ministerial meeting of the Doha Development Agenda under the WTO has officials of member countries engaging in hectic parleys for a better deal. Attention has focused on the negotiations on agriculture, with non-agricultural market access and services close behind. But one crucial impediment to free and fair trade has not received due attention-non-tariff barriers (NTB).

Sharma, Sanjeev & Subramaniam, G. Ganapathy (2005): ‘Govt looking at more customs duty cuts’, the article focuses that in a move that has far-reaching consequences for the India Inc, the government is looking at reduction in import duties if rich nations cut domestic support and export subsidy for farm products.

If any such commitment is made at the World Trade Organisation (WT), import competition would intensify for the domestic industry much faster than currently anticipated.

The article ‘US offers to cut farm subsidies’, writes that the United States has offered to cut its agricultural subsidies by 60% over a period of next five years as demanded by the G-20 developing nations and Britain in its bid to revive the Doha round of trade talks. The article concludes that the developing countries have said they were ready to give more access to industrial groups from developed countries only if they agree to reduce farm subsidies.

The article ‘WTO talks deadlocked, Nath says no to higher tariff cuts’, writes that India has made it clear that developing countries will not part with new concessions on agriculture – demanded by the US and the European Union even as hopes of a breakthrough ahead of the Hong Kong ministerial conference of the World Trade Organisation (WTO) faded away due to inflexible stands adopted by major members.

Mathrani, Sheila (2005): ‘Yet another full ministerial to follow Honk Kong meet’, the article describes that removal of subsidies in agriculture, removal of tariff barriers, removal of non-tariff barriers, prevention of bio-piracy and misappropriation of traditional knowledge, an amendment to the Trips Agreement to reflect the Doha Declaration are vital to a successful round.

The article ‘WTO services talks must not go off-track’, quotes commerce minister Kamal Nath. In this article Kamal Nath says that India has cautioned against diversion of global talks on liberalisation of services from the current ‘request-offers’ approach followed by members of the World Trade Organisation (WTO). Seeking balanced enhancement of market access in this sector, a paper submitted by India to the WTO has called for momentum to the ongoing talks on further opening up of this sector.

Subramaniam, G. Ganapathy (2005): ‘India under pressure to bind import tariff on goods at 16%’, the article focuses that even as trade liberalisation talks at the World Trade Organisation (WTO) have failed to keep pace with the deadlines set for the Doha round, pressure is mounting on India to bind import duty on industrial goods at around 16%. This is virtually half of the current bound rate of about 32% for industrial goods.

NOTES

[1] Conference papers, which are listed here, are available in 88^{th} IEA Annual Conference, Conference Volume Part-I. The School of Economics, Andhra University, Vishakhapatanam, Andhra Pradesh conducted the Conference, during 27-29^{th} December 2005.

[2] See for detail Chapters, "WTO: Features and Assessment", and "India and The World Economy".

[3] This book is the outcome of the two-day National Seminar, which was organised by the University Business School, Punjab University Chandigarh, on 17-18 January 2002.

[4] Some of the reform recommendations made by the writers prior to 1991 have already found their way into national and economic policy changes.

[5] This book contains a selection of articles contributed by member to subjects to be discussed at the 83^{rd} Annual Conference of the Association being held at Jammu during 30.12.2000 to 1.1.2001.

[6] The book, presents the different aspects and dimensions of and trends in international business, which serves the important material on international business and related disciplines. The fifth chapter of the book i.e. GATT/WTO and Global Liberalisation provides the important information such as, Historical background of GATT, Objectives and Principles of GATT and WTO, Difference between GATT and WTO, Functions of WTO, Organizational Structure of WTO etc.

[7] Revised version of this book includes a full chapter on globalisation and the need for moving from unfair to fair globalisation, as well as policies of globalisation.

[8] This book is the outcome of the two-day National Seminar, which was organised by the University Department of Economics, B.R.A. Bihar University, Muzaffarpur, on 28-29 April 2000.

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CHAPTER – 3
GLOBALISATION

> "The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could adventure his wealth in the natural resources and new enterprises of any quarter of the world."
>
> – John Maynard Keynes.∗

1. INTRODUCITON:

Globalisation is something of a buzzword today. Trade and investment barriers between countries are rapidly breaking down. Companies are spreading their operations across the globe. Consumers are able to access an ever-growing basket of goods and services. Countries, companies and individuals are increasingly beginning to take into account what is happening across the world, rather than in only the country in which they are based. All of these advances are part of globalisation – which, at its simplest, means crossing borders.

Globalisation is not a new phenomenon. From the mid-1800s to the late 1920s, the world saw a frenetic pace of globalisation. If we look at the volumes of trade and capital flows across borders, relative to GNP and the flow of labour across borders, relative to populations, the period of globalisation preceding World War I was quite similar to what we are seeing today. Countries like Great Britain were huge investors in emerging markets. There were few currency controls and people migrated freely. Other than in wartime, countries did not require passports for travel before 1914. Immigrants moved into America without visas. The inventions of the steamship, railroad, telegraph and eventually telephone, all helped to shrink the world significantly.

If we look at Indian history then we will realise that Globalisation in a fundamental sense is not a new phenomenon for Indian economy. The Indus civilization had one of the most globalized economies of that time. Even Hindu epics like, Ramayana and Mahabharata indicate that business operations existed across countries even in those days. Some cities specialized in the production of copper, others in beads and textiles-all meant for the export market. Once again the period of Gupta Empire saw huge exports from India. India is known as the "golden bird" though little gold is found in the country. The wealth of India in the past may be said to be substantially due to our having adopted an outward oriented trade policy. Globalisation is, so to say, in our blood.

But there are some important difference between the pervious era of globalisation and the current one. The degree and intensity of today's globalisation is much higher. What is also new is the sheer number of people and countries who can take advantage of the globalised economy and information networks. The previous era of globalisation was built around falling transportation costs, due to the invention of the railroad, the steamship and the automobile. Today's globalisation is being driven by falling telecommunications costs – thanks to microchips, satellites, fibre optics and the Internet.

Issues such as intellectual property rights, investment, and labour and environment standards have been, or are being, brought under the ambit of WTO. The WTO regime moves far beyond free trade into domestic policies. Many of these policies, such as those regarding patents, are clearly designed to benefit the countries of the West that are leaders in technological advances. There is much apprehension that labour and environment standards may take away the gains from free trade that may have accrued to the developing countries. The inclusion of investment in the WTO regime will enable the multinational corporations to enter and exit

[*] Kate Galbraith (2002, pp. ix).

the developing countries irrespective of the impact of their activities on the welfare of the host country.

In short, Globalisation is affecting a vast section of the society, whether people realize it or not. But like "limits to economic growth" there are also limits to globalisation of the economy and minimisation of state control therein. Therefore, there is a need to be very careful in adopting Globalisation as being presently promoted by the WTO.

2. DEFINITIONS OF GLOBALISATION:

Many scholars have attempted to define globalisation from their own respective perspective. Consequently, close to one hundred definitions of globalisation – some simple while others elaborate – exist. Given the degree of interest in the phenomenon, it is not surprising. Some of the definitions are given below

- According to Stiglitz, (Noble Prize winner for Economics (2001) and Chief Economist of the World Bank) "Globalisation is the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communications, and the breaking down of artificial barriers to the flow of goods and services, capital, knowledge, and (to a lesser extent) people across borders."[1]

- International Monetary Fund defines "Globalisation as the growing economic interdependence of countries worldwide through increasing volume and variety of cross border transactions in goods and services and of international capital flows and also through the more rapid and widespread diffusion of technology."[2]

- According to Horst Kohler (Managing Director, International Monetary Fund), globalisation represents a process of increasing international division of labour and growing integration of national economies through trade in goods and services, cross-border corporate investment, and capital flows.[3]

- According to World Bank, "Globalisation means (a) gradual abolishment of import control over all items including consumer goods: (b) reducing the rate of import duties and (c) privatising public sector enterprises".[4]

- Charles Hill defines Globalisation as "The shift towards a more integrated and interdependent world economy. Globalisation has two components – the Globalisation of markets and the Globalisation of productions."[5]

- Jagdish Bhagwati defines globalisation as "Economic globalisation constitutes integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology."[6]

- Professor C.T. Kurien has viewed that "the global economy must be viewed as a collection of heterogeneous units with different agendas interacting with one another in a variety of ways and thus changing its character over time",[7]

- The European Commission defined globalisation "as the process by which markets and productions in different countries are becoming increasingly interdependent due to the dynamics of trade in goods and services and flows of capital and technology",[8]

- Globalisation has been described (Kegley Jr. and Wittkopf, 1997: 249) as the "intensification of economic, political and cultural relations across borders",[9]

- A ‘globalised’ economy may be defined as one in which neither distance not national borders obstruct economic transactions.[10]

- Globalisation can be defined as the expansion of economic activities across political boundaries of the nations. It refers to a process of increasing economic integration and growing economic inter-dependence between countries in the world economy. It is associated not only with an increasing cross-border movement of goods, services, capital, technology, information and people but also with an organisation of economic activities which straddles national boundaries.[11]

- Globalisation may also mean a very substantial movement in the direction of private enterprise and a market-oriented system, with substantial reduction in the role of the Government in economic affairs. It means the disbandment of the planning system.[12]

- The process of globalisation also means free movement of people entrepreneurs, professionals, and workers-across national frontiers. In fact it is not a mere economic and financial phenomenon. It has wide political and cultural ramifications. But cultural integration has proved to be far more difficult to achieve then economic and financial integration. For globalisation to achieve complete economically, there has to be something of World Government.[13]

- There are, broadly speaking, two approaches to globalisation – (i) Positive, and (ii) Normative. The former describes globalisation as a process of increasing integration into the world economy: the characteristic of this process is by no means uniform. According to the latter, globalisation is prescribed as a strategy of development based on rapid integration with the world economy.[14]

- Globalisation is defined as the increasing interconnectedness of people and societies and the increasing interdependence of economies, governments, and environments.[15]

- The process of Globalisation initiated economic integration. It created inter-dependencies and competition between local, regional, world markets with competitive advantages, diverse structures and opportunity sets. Today, the new world economic system is allocating resources and factors for production, trade and consumption, finance and investment across national economies that is likely to challenge the established players in the market and create a new world order. It created a situation where nations had to relax or demolish the trade barriers and welcome the competition.[16]

- Globalisation is the process of integrating various economies of the world without creating any hindrances in the free flow of goods and services, technology, capital and even labour or human capital.[17]

- Globalisation may be described as micro-phenomenon where there is free flow of capital, efficiency, technology and other factors of production that promote world welfare in its strides. Factors of production obtain their due rewards, possibility of producing at lower cost by producers and availability of needed goods at lower prices to consumers. Ultimately it leads to the World welfare at best. Not only the capitalist countries but also the entire oculist countries have transformed their economy into market economy. It is pertinent to note that the process of globalisation is based on the assumption of the size of market. As it enlarges the size of market, it yields large-scale production. It also assures of maximum utilisation of resources for which we have been striving so far.[18]

- The term ‘globalisation’ has, therefore, four parameters:

  1. Reduction of trade barriers to permit free flow of goods and services among nation-states;

  2. Creation of environment in which free flow of capital can take place among nation-states;

  3. Creation of environment, permitting free flow of technology; and

  4. Last, but not the least, from the point of view of developing countries, creation of environment in which free movement of labour can take place in different countries of the world.[19]

  The advocates of globalisation, more especially from developed countries, limit the definition of globalisation to only three components, unhindered trade flows, capital flows and technology flows. They insist on developing countries to accept their definition of globalisation and conduct the debate on globalisation within the parameters set by them. However, several economists in the developing world believe that this definition is incomplete and in case the ultimate aim of globalisation is to look upon the world as a ‘global village’, then the fourth component, unrestricted movement of labour cannot be left out. But the entire issue whether debated at the World Bank, IMF or World Trade Organisation (WTO) blacks out ‘labour flows’ as an essential component of globalisation.

- Globalisation is the process of integrating whole world into single global village.

- Globalisation implies integration of economy of one nation with the rest of the world economy and liberalising the rule and regulation for foreign investment in economy.

- In other words, “globalisation of Indian economy means integration of it with the world economy”.

- In brief, globalisation means adoption of market-friendly approach thereby making the economy more open rather than close.

The main characteristics of a globalised economy are that state intervention is replaced to a large extent by market forces, nationalisation yields place to privatisation and restrictions are replaced by freedom of choice and actions. Two direct results of globalisation of an economy need to be noted.

The first is interdependence of countries, that is, countries become very much dependent on each other in a globalised set up due to the inter-linkages of markets. The interdependence is not merely in terms of goods, services and capital but also in terms of policy interaction. That is, in a globalised economy, countries while formulating and implementing their own policies will have to consider the likely impact of policies pursued in other countries.

The second direct result is competition. In a globalised economy, competition would mean that producers, traders, investors from any country should be able to compete in any market, any sector and in any country.

3. FACTORS THOSE PROMOTED TO COUNTRIES FOR GLOBALISATION:

Following are the factors promoted to countries for globalisation.

- Globalisation widens the market and increases the market size. Therefore companies do not need to depend on the demand of product in single country.

- Countries, which have the surplus resources, can make proper utilization.

- The stages of business cycles vary from country to country. Therefore a company might shift from a country that has recession to country of boom economic condition.

- Globalisation provides large-scale economies like reduced cost of production, availability of quality.

- Globalisation provides the change of exploring the untapped potentials market.

- Globalisation can enhance the living standard of people through enhanced purchasing power.

- Globalisation can make a cultural transformation and integration.

- Globalisation provides the opportunities to the domestic companies. These opportunities include technology, management expertise, and product development.

- No country can stand isolation, defying the fast moving international developments in the economic field. It must try to change with the time.

- One of the important motivational factors for Globalisation is to reduce the cost of production. By taking advantage of cheap labour.

- Globalisation thus means lest interference by the Government in economic activities so that the talents of the people get their fruition.

4. INDIA AND GLOBALISATION:

The economic policy of 1991 will prove to be watershed in the economic history of Indian economy. In 1991, government introduced a series of reforms to liberalize and globalise the Indian economy. These economic reforms tend towards the market economy and globalisation of country. These policies of economic reforms were intended to integrate the Indian economy with the world economy.

As a result of Globalisation in India, the process of dismantling trade barriers started since 1991 and every year government has been announcing reduction in trade barriers. It is argued that this shall enable freer flow of goods, capital and technology and thus globalisation becomes a motivating force for development in economy. It also opens access to new markets and new technology.

The government of India has been prompted for globalisation due to following reasons:

- Due to poor performance of public sector. Huge investment of resources in PSUs was not getting adequate return and a big number of PSUs were becoming sick.

- Due to gulf war and poor performance of Indian export, country's foreign exchange reserves were at their lowest level and nation was about to default on foreign debt repayment.

- There was the need of more investment in various sectors of economy for obtaining higher growth rate. Domestic capital investment was not sufficient.

- Collapsing of communist countries regime is the other reason of moving towards integrated market economy.

- In early Nineties, our economy faced major economic crisis. Indian economy encountered balance of payment crisis, fiscal imbalance, and inflationary pressure and down grading of the country rating in the international capital market. The Gulf–crisis of 1990 sharply accentuated macroeconomic problems.

- The most visible sign of the country's economic crisis was its extremely low foreign exchange reserves of Rs. 2400 cr*.,* which was reached in early 1991.

- The second major aspect of the economic crisis was the rapidly increasing burden of national debt, which exceeded 60% of GDP in 1991.

- Another reason to implement economic reforms is fiscal deficit. The gross fiscal deficit rose to 8.4% of GDP in 1991

- The fourth and the most damaging feature of the 1991 crises was the high level of inflation. The rate of inflation during 1991 was more than 16%.

- Another reason for implementing economic reforms was lower economic growth. During 1991 the rate of growth was only 1%.

There is a feeling that these policies are imposed on us by international agencies. In reality, the package of stabilisation and structural adjustment policies initiated since July 1991 had their origin in the problems faced by India rather than being imposed by international agencies.

5. MEASURES OF INDIA TOWARDS GLOBALISATION:

Government of India has taken the following measures in order to globalise the Indian economy.

- Duty Free Replenishment Certificate Scheme:

Duty Free Replenishment Certificate Scheme is issued to a merchant-exporter for the import of inputs used in the manufacture of goods without payment of basic customs duty, and special additional duty. However, such inputs shall be subject to the payment of additional customs duty equal to the excise duty at the time of import.

- Duty Entitlement Passbook Scheme:

For exporters not desirous of going through the licensing route, an optional facility is given under Duty Entitlement Passbook Scheme (DEPB). The objective of Duty Entitlement Passbook Scheme is to neutralise the incidence of customs duty on the import content of the export product. The neutralisation shall be provided by way of grant of duty credit against the export product.

- Import Liberalisation:

The lifting of licensing and quota restrictions on imports items was in line with India's WTO obligations. EXIM policy of 2000-2001 lifted quantitive restrictions on 714 items commonly agriculture and consumer durables and in 2001-2002 EXIM policy announced abolishment quantitive restrictions of remaining 715 items. Thus the process of removal of import restrictions, which begin in 1991, was completed in 2001-2002 with the removal of all import restrictions. However, most of the items are the under of 35 percent basic import duties. Furthermore, countervailing duty equivalent to domestic excise duty on the product being imported may enhance this.

- Tariff Liberalisation:

Indian government reduced the peak rate of import duty from 200 percent to 35 percent. Add average rate of import duty was decrease from 50 percent to 25 percent. Import duty on capital goods was reduced from 85 percent to 25 percent.

- India Brand Equity Fund Trust:

Indian Brand Equity Fund (IBEF) Trust was established on 11th July 1996. An objective of the Trust, the India Brand Equity Fund, is supporting brand promotion in overseas markets of particulars brands, which have achieved world-class quality and performance standards. The assistance from fund is given in the form of soft loans repayable over a period of 5-7 years and also with nominal royalty on the incremental sales of the particular brand supported by the fund in the thrust area. The fund will also undertake an International promotion drive to project India as a whole as well as specific production sectors and to support domestic awareness generation programmes directed at achieving quality and high business ethics.

- Indian Trade Promotion Organisation (ITPO):

Indian Trade Promotion Organization (ITPO) is the premier trade promotion agency of India and provides a broad spectrum of services to trade and industry so as to promote India’s exports. At ITPO, the promotion of trades is an exacting mission translating into search for new frontiers and new horizons in the world of commercial interaction. IPTO’s programmes are carried out in close contact with the Indian industry whose promotional needs is seeks to serve. The instruments of trade promotion deployed include trade fairs/exhibitions in India and abroad, buyers-seller meets and contact promotion programmes, apart from information dissemination on products and markets.

- Establishment of Agriculture Export Zones:

Agricultural Export Zones are envisaged to provide remunerative returns to the farming community in a sustained manner, through improved access to the produce/products of the Agriculture and Allied sectors in the international market.

The State Government are also to develop a comprehensive package of services provided by all State Government Agencies, State Agricultural Universities and all institutions and agencies of the Union Government for intensive delivery in these zones. Such services would include provision of pre/post harvest treatment and operations, plant protection, processing, packaging, storage and related research & development, etc. Department of Commerce will supplement, within its schemes and provisions, efforts of State Governments for facilitating such exports.

Common infrastructural facilities in the Agricultural Export Zones such as sorting, grading, polishing, packaging, cold storage, transport equipment/refrigerated vans, vapour treatment heat treatment plan, X-ray screening facility etc., shall be entitled for EPCG Scheme.

Agri exporter are now to be entitled for recognition as Export House/Trading House/Star Trading House/Super Star Trading House on achieving 1/3rd of the threshold limit prescribed for exporters of goods.

- Export Oriented Units:

The Export Oriented Units (EOUs) scheme introduced in early 1981 is complementary to the EPZ scheme. It adopts the same production regime but offers a wide option in locations with reference to factors like source of raw materials, ports of export, hinterland facilities, availability of technological skills, existence of an industrial base and the need for larger areas of land for the project. 1, 536 units are in operation under the EOU scheme as on March 2001.

- Export Houses, Trading Houses, etc:

With the objectives to recognise established exporters with a view to building marketing infrastructure and expertise required for export promotion, the Government is granting the status to such exporters as Export House, Trading House, Star Trading House and Super Star Trading House. This status is granted on achieving the prescribed average export performance level subject to the conditions as laid down under Export and Import Policy. Valid numbers of member status holders of the Federation of Indian Export Organisation (FIEO) during 2000-2001 were as under:-

Status	Number
Super Star / Star Trading Houses	50
Trading Houses	379
Export Houses	2118
Total	2546

Source: Srivastava, Deepak (2003), Globalisation, Privatisation and WTO with Reference to India, Sarup & Sons, New Delhi, pp. 9.

- Export Processing Zones:

The Export Processing Zones (EPZs) set up as enclaves, separated from the Domestic Tariff Area by fiscal barriers, are intended to provide a competitive duty free environment for export production. There are four EPZs set up by the Government at Noida (Uttar Pradesh), Chennai (Tamil Nadu), Falta (West Bengal) and Visakhapatnam (Andhra Pradesh).

- Special Economic Zones:

Indian government has been announced establishment of special economic zones on the pattern of China. Export processing zones of Kandla, Vizag and Kochi will be converted into SEZs. 100 percent FDI would be allowed in all products in SEZs. Entire production will have to be exported from these zones.

A new scheme for setting up of Special Economic zones (SEZs) in the country to promote exports was announced by the Government in the Export and Import Policy on 31st March 2000. The policy provided for setting up of SEZs in the public, private, joint sector or by State Governments. It was also announced that some of the existing Export Processing Zones would be converted into Special Economic Zones.

Accordingly, the Government has issued notifications on 1.11.2000 for conversion of the existing Export Processing Zones at Kandla (Gujarat), Santa Cruz (Maharashtra) and Cochin (Kerala) into Special Economic Zones. Notification has also been issued for conversion of the private sector EPZ at Surat (Gujarat) into Special Economic Zones at the request of the promoters.

In addition to the conversion of some of the EPZs into SEZs, the Government have also granted in principle approval for setting up of 13 Special Economic Zones at Positra (Gujarat) in the joint sector and by the State Government at Dronagiri (Maharashtra). Nanguneri (Tamil Nadu), Kulpi, Salt Lake (Kolkata) (West Bengal), Paradee and Gopalpur (Orissa), Bhadohi, Kanpur and Greater Noida (U.P.), Kakinada (Andhra Pradesh), Indore (Madhya Pradesh) and Hassan

(Karnataka) on the proposals received from them. The Zones are at various stages of implementation.

- Easy Norms for Foreign Direct Investment:

Presently FDI are allowing in automatic approval route, except for a small list. 100 percent FDI has been permitted in SEZs with certain conditions. 26 percent foreign equity participation is allowed in insurance sector subject to license of IRDA. 100 percent FDI is allowed in e-commerce and telecom sector.

- Allowing Foreign Investment in India:

Indian Government liberalise the inflow norm of Foreign Direct Investment. Government allow the foreign Institutional Investors to invest in Indian Capital Market. List of item expanded for automatic approval of foreign equity. Government provides many incentives to NRI for investing in India. Indian Companies are allowed to procure capital from foreign countries through 'Euro Issues' and 'Global Deposit Receipts.'

- Enactment of FEMA in place of FERA:

Removing constraints and obstacles to the entry of MNCs into India by diluting and finally scrapping of restrictive laws like foreign Exchange and Regulation Act.1973 (FERA). FERA is scrapped and in its place Foreign Exchange Management Act (FEMA), is passed by deleting the clauses with restricted the entry of MNCs.

- Permission of Collaboration with MNCs:

Government permitted to Indian companies for collaboration with foreign companies in the form of joint ventures as well as establishment of joint ventures by Indian companies in various foreign countries.

- Full Capital Account Convertibility:

  Indian government made full convertibility of Rupee on current account. Acting cautiously regarding convertibility of Rupee on capital account in view of the Asian crisis.

- Replacement of MRTP Act by Competition Bill 2001:

  The competition Bill, 2001 seeks to ensure fair competition by prohibiting trade practices, which causes appreciable adverse effect on competition in markets. For the purpose, the Bill seeks to put in place a body corporate called Competition Commission of India (CCI) to undertake competition advocacy for creating awareness on competition issues, in addition to its primary job of ensuring fair competition in the country by enforcing competition law.

  It also provides for creation of a Competition Fund for meeting the costs realized by CCI. Apart form these, some of the salient features of the Bill include: Prohibition of anticompetitive agreements, prohibition of abuse of dominance, regulation of combinations (acquisitions, mergers and amalgamations of certain size).

  Besides, with the formation of CCI and repeal of MRTPC all the pending cases relating to unfair trade practices (UTPs) would be transferred to the National Consumer Forum and cases relating to restrictive trade practices (RTPs) and monopolistic trade practices would be transferred to the CCI.

- Dismantling APM in Oil Sector:

  Indian government dismantled the administrative price mechanism (APM) in oil sector. Oil pool account also abolished. Now oil price will be based on market conditions.

6. MERITS OF GLOBALISATION:

Globalisation which is more romantic word indicating the desire to integrate nation-states within the overall framework of WTO, is nothing but a modern version of the 'Theory of Comparative Costs Advantage' which was propagated by classical economists to provide the theoretical foundations of unrestricted flow of goods form Great Britain to other less developed countries – at that time of colonies. It was argued that international specialisation benefits both the countries, which enter into trade relations. The advocates of globalisation now have brought the same argument forth.

Globalisation renders several benefits for various reasons, and of various kinds. Many countries have benefited a lot in a variety of ways. Following are the merits of globalisation.

- Improves Efficiency:

  Free trade, which is at the basis of globalisation, leads to specialisation in production as per the resources of the countries. This results in efficiency gain, which is based on the "principle of comparative advantage." According to this principle, the countries will specialist in products in which they have comparative advantage, and which they will export. They will imports those products in which they do not have comparative advantage. As an example, take tow countries A and B, and two commodities X and Y. Assume both A and B can produce both X and Y. But A can produce more cheaply X compare to B. And B can produce more cheaply Y compare to A. A will concentrate on X, and B on Y. Both trade; A exports X and B exports Y. A will benefit by getting more of Y through import than it could do by producing it itself. B will get more of X through import than it could by producing it itself. Both A and B gain from free trade. The world production is more, and the costs lower. It is efficiency gain from specialisation.

- Improves Factor Incomes:

The factor-income among the trading countries will get equalised, and for a poor country, the wages of labour will rise. Since countries specialise in terms of their factor endowment, labour-abundant countries (like India) will adopt labour-intensive techniques, and export labour-intensive products. Capital abundant countries (like the USA) will adopt capital-intensive techniques, and export capital-intensive products. In the case of labour-abundant country, export will mean export of labour embodied in export products. This will raise the wages. Import for such a country will mean import of capital embodied import products. This will lower the interest rates. The opposite will be the case of the capital-abundant country. In this case the wages will fall and the rate of interest will go up. There is thus an equalisation of factor rewards across the countries. In a fully globalised economy there is free factor mobility. This means that the process of equalisation of factor-prices will be further strengthened.

- Gains from Migrations:

Cross-border movements of people, largely workers, which globalisation allows, can also prove beneficial to the concerned countries. The developed countries gain in more than one way. With the fertility rates low and declining in most industrial countries, the immigrants are making up the deficiencies in the numbers in these countries. Besides, these immigrants, mostly in the working age, are filling in the needs of the labour in the developed countries where a significant proportion of population is ageing fast. This is particularly so for countries of Europe, the United States, and Japan. Another more important benefit for the advanced countries is the availability of skilled workers migrating from the developing countries, called “Brain Drain”; the developed countries often offer big incentives and inducements to attract knowledge workers. Infect these workers, though not very large, move about so freely among countries that one can regard this as a good example of integration of the countries and therefore of globalisation.

Developing countries too benefit from migration. Emigration from these countries, if substantial, helps them to cope with the population pressures, at least till the demographic transition is over (i.e., moving over to the stage of low birth rate and low death rate). The difficulties associated with shortage of agricultural land can also be overcome to some extent with farmers moving out to other developed countries. The problem of unemployment in these countries too can be solved to some extent. The developing countries also gain from the remittances which the emigrants send home, which help in sustaining and raising their consumption, as also in raising saving and investment.

- Movement of Capital:

Capital mobility enables the total savings of the world to be distributed among countries, which have high investment potential. Therefore one country’s growth is not constrained by its own domestic savings. Inflow of foreign capital has played great role in development of East Asian economy. In fact, foreign capital inflow into Malaysia in 1993 was 17.4 percent of GDP; in Thailand in 1995 it was 12.7 percent of the GDP.

- Movement of New State of Technologies:

Technological change and Globalisation go hand in hand. Thanks to technology, telephone calls can be made cheaply form anywhere. Innovations in miniaturization have steadily reduced the size and weight of computer, phones and pagers. Now they can be taken to more and more far-flung places and afforded by ordinary people around the world to get connected and exchange information, news, knowledge, money, family photos and music in a cost-effective way, which was unimaginable before.

Globalisation helps for the flow of new state of the technology form developed countries to the developing countries. It gives opportunity to the developing countries to implement new technology and enhance productivity.

- Development of Capital Market:

The fast development of the capital market is also one of the features of globalisation process, because expansion of capital market is one of the pre-requisite for international flow of capital. Now foreign investor can make investment in India through ADR/GDR. Many Indian companies listed in New York Stock Market.

- Enhancing the Market Size:

Globalisation widens the market and increases the market size. Therefore companies do not need to depend on the demand of product and service in single country.

- Industrial Development:

  Globalisation provides the new technologies, huge capital, and managerial expertise to the domestic companies. These opportunities can make industrial development.

- Transformation of Culture:

  Globalisation reduces the physical distance among the countries and enables people of different countries to acquire the culture of other countries. The cultural exchange, in turn makes the people to demand for a variety of products, which are being consumed in other countries. For example, Chinese food and PIZZA, burger is making demand in Indian food market and Indian DOSA and BIRYANI in USA.

- Globalisation and Lifestyles Of People:

  Globalisation has rapidly changed the lifestyles of many people without their even being unaware. To take an example, most people had not even heard of the Internet in 1990. Also, few people had an e-mail address then. But today the Internet, cell phones and e-mail have become essential tools that many people just cannot live without, in both developed and developing counties.

- Consumption Level:

  Globalisation increases industrialization and production. Consumers can get products of high quality at lower prices. Ultimately, it enhances consumption level of public.

- Employment Opportunities:

  Globalisation results in shift to manufacturing facilities to the low wage developing countries. As such, it creates job opportunities in developing countries.

- Higher Standard of Living:

  Globalisation has also raised living standards, faster and for more people than at any time in history. Massive Industrialisation can provide more employment opportunities, best quality product at affordable price. Ultimately it enhances living standard of people.

  Developing countries have progressed as fast in the past 30 years as the industrialised world did in the previous century. In relatively short periods of time, countries like Taiwan, Singapore, Israel, Chile and Sweden, have achieved standards of living comparable to those in America and Japan, while the ranks of the middle class in countries like Thailand, Brazil, India and Korea have swelled, partly at least due to globalisation.

- Consumerism:

  Massive productions, proliferation of new technologies, increased consumption level enable the companies to produce and sell the products of high quality at lower prices. Therefore, consumers of developing countries can be chosen best quality product at minimum prices. In the ultimate analysis, globalisation leads to consumerism.

  With greater access to disposable income, the seduction of consumerism becomes hard to resist, and the demand for unrestricted Globalisation inevitably follows the attraction for new and ever more advanced consumer goods. This new and more prosperous class of

Indian consumers associates India's progress with the availability of the latest automobile models and consumer goods. The local availability of imported European cosmetics and fashions, imported drinks and confectioneries - these have all become important to those who have sufficient disposable income to purchase such items.

- Globalisation and Importers and Exporters:

Globalisation has other champions too. Importers have a strong financial interest in a globalized economy. But so do exporters dependent on imported parts and machinery. Industrialists with interests in ports, shipping, international warehousing and other aspects of international trade and commerce may also see Globalisation as beneficial to their sectors of the economy. Indian industrialists who have so far failed to invest in research and development and are losing the battle for market share are also becoming amenable to Globalisation in the fond hope of partnering with an MNC that will enable them to stabilize or expand their sinking business ventures.

- Emerging of Various Trade Blocks and Free Trade Area:

Globalisation is prompting the approach towards regional integration in throughout the world. Economic integration results in grouping up of smaller economies into a larger and single economy and market. Example of European Union, ASEAN, SAPTA, EFTA, OPEC, etc.

7. DEMERITS OF GLOBALISATION:

Various researchers in different countries have examined the claims of the protagonists of Globalisation. A very powerful critique of Globalisation has been made by Stiglitz, Noble Prize winner for Economics (2001) and

Chief Economist of the World Bank. The World Commission on the Social Dimension of Globalisation (WCSDG) set up by ILO has also considered the experience of Globalisation the world over and made certain very revealing observations.

The World Commission states: “The current path of Globalisation must change. Too few share in its benefits. Too many have no voice in its design and no influence on its course.” (ILO, 2004, p.2).

“We wish to make Globalisation a means to expand human well- being and freedom, and to bring democracy and development to local communities where people live.” (ILO, 2004, p.2).

The Demerits of globalisation are listed below.

- Globalisation kills Indigenous Industries:

  In the present case when all the impost become free, with no restrictions including tariffs, the adverse effects of another sort, are bound to be large. The domestic industries, even those that fit in the theory of comparative advantage, will find it difficult to survive against the onslaught of imports, including imports from labour abundant countries. This will mean loss of production, income, and employment. Basically it follows from the fact that the country, being underdeveloped, is short of advanced technologies, modern management practices, adequate finances, sound markets etc. in short, it is an infant. And it needs to grow under protection. Unless appropriate props are given, these economic activities will not become efficient. It follows that in a situation when all imports are free; the domestic economy is bound to suffer. The environment needed for the growth of industrial culture, industrial entrepreneur, in particular in the small scale sector, which is a major part of the economy in terms of the production of goods and services as also provider of employment etc., otherwise they will not emerge.

- 'Efficiency' in whose Interest - the MNC or the Indian Consumers?:

Another oft-repeated argument in favour of Globalisation is that multinational companies are more "efficient". Of course efficiency is never clearly defined. For instance, let us assume that efficiency equals profitability. Suppose a multinational invests 1000 crores and makes 200 crores in profit. On the other hand, assume that a domestic company invests 1000 crores and makes 100 crores in profit. It would thus seem that the MNC was more "efficient" - twice as much as the Indian company. But if half or more of the MNCs profits were repatriated to their foreign parent or to foreign shareholders, the relative benefit to India would be nil! And if the 100 crore in extra profit accrued only due to special tax breaks and other special favours granted to the multinational, the increase in 'efficiency' would be entirely fictitious.

Take another example. Let us suppose that the MNC is actually very "efficient" and is able to drive its more "inefficient" Indian competitors out of business. With its Indian competitors out of business, it could then raise prices over and beyond what the "inefficient" Indian companies charged their consumers. Here is another example of where "efficiency" from the point of view of the business does not translate into benefits for the Indian consumer. This has occurred not only in the soft-drinks sector, it has also occurred in the pharmaceutical sector.

- Widening Gap between Rich and Poor:

One of the most negative effects of globalisation is the growing income gap between the haves and have-nots. Friedman describes the phenomenon of “winners take all.” The winners in any field today can become really rich because they can sell their services in the global marketplace. The more those different markets get globalised and become winner-take-all markets, the more inequality will there be within countries and between countries.

It is rightly contended that globalisation has led to the widening of inequalities in the country. This is obvious from the fact that these are at present larger income-disparities as between the skilled workers and unskilled workers, than before. This has been caused by the fact that the new modern industries, like those related to information technology etc., are skill knowledge-intensive industries. Besides, the global or multinational companies, with their bases in the rich countries, pay to their employees much more than paid by the domestic companies. Further, since only a part of the economy has been linked with the world economy (though exports and imports which account for a very small proportion at less than one per cent of the world exports and imports, and entry of small proportion of the world's financial flows etc.) most of the new jobs and the income have gone to the few who are related to these activities.

All this is true. But is must also be stressed that inequalities have increased largely because a major proportion of the population finds it difficult to participate in this process of globalisation. The reason is that economic reforms continue to be restricted to few areas, and education and skill formation facilities are far from adequate. If and when economic reforms cover more areas, and skill formation becomes an all-pervading phenomenon, an increasing proportion of population will participate in the process of globalisation. As a result the income-inequalities are bound to decrease.

The transition from communism to market economy or from highly regulated states to market economy has been so badly managed that, but for China, Vietnam and a few other countries in Eastern Europe, poverty ahs soared as incomes have plummeted. The rules of world trade largely favour the rich and powerful countries and more often work against or ignore the interests of the poor or weak countries.

- Foreign Investment in only Non-strategic Areas:

Advocates of Globalisation have often made the claim that Globalisation rather than destroy Indian industry would instead accelerate the growth of new industry and cause India's economy to grow faster. But a detailed analysis of Foreign Direct Investment (FDI) in the last few years indicates that a sizeable portion of this investment has not gone into the creation of new productive capacities. Much of the investment has simply gone into takeovers of existing Indian enterprises or towards speculative investments in the Indian stock market. Moreover, other than India's "hot" IT companies and select MNCs - the vast majority of Indian stocks have not benefited from such highly volatile FDI flows.

Another aspect of non-selective Globalisation is that a few selected sectors - namely consumer goods, automobiles, and software have attracted almost 90% of all foreign investment. There has been very little investment in the production of advanced electronics, computer or telecom hardware, aircrafts, advanced industrial materials, capital goods and modern tools and equipment, or robotics. These are the areas where India is completely dependent on imports and is likely to fall further behind. Rather than steer production in areas of cutting-edge technology, state governments have been falling over each other in giving MNCs more concessions to produce more of what India is already producing!

- Infrastructural Facilities:

Globalisation has done little to solve India's pressing infrastructural needs. This is particularly evident in the oil exploration and production sector. As a percentage of GDP, investment in oil exploration has fallen dramatically. In spite of deregulation and the award of licenses to multinationals for oil drilling, domestic production of crude has been falling in both absolute and percentage terms. As a result, in the last quarter (Apr-July 2000), India's oil-import bill jumped 95%.

- Skewed Development:

Critics of indiscriminate globalisation had warned that one of the biggest dangers of a totally globalisation economy would be the anarchic development of select geographical areas and the neglect of industrially unpopular areas. Tushar Mohanti for the Economic Times Research Bureau has reinforced this in a report. The report pointed out that of all the Industrial Entrepreneurs Memorandum (IEM) filed since the new economic policy came into being in June 1991, only 10% have been implemented so far. In the case of implemented projects, only 10 per cent of the employment commitments were actually realized. He goes on to say that apart from poor implementation rate, what must be disturbing for both the planners and the government is the strong regional bias of the investment proposals. Proving the critics right, (who at the beginning of the reforms had doubted the chances of industrially backward states to derive benefits from the reforms), more and more IEMs have gone to industrially developed states. Other studies have also shown that prosperous states like Maharashtra, Gujarat, and Tamil Nadu and the National Capital region around Delhi have attracted most of the new investment proposals - especially those from the multinationals. In contrast, Mohanti reported that West Bengal, Orissa, Bihar and Assam — all from the east — had failed to take the benefits of deregulation. Bihar, Orissa and Assam each had less than one per cent share of the total IEMs filed during the period. Their shares in actual investment were even lower.

- Numerous Tax Breaks have been Given to MNCs:

There is also an assertion that Globalisation allows India to allocate scarce capital more efficiently because the Indian government could concentrate on areas that need special attention. But few seem to note that in this decade of Globalisation, the government has been steadily reducing its ability to fund vital social needs or infra structural needs. Numerous tax breaks have been given to MNCs to set up manufacturing in India. States have competed with each other in offering concessions to MNCs. Maharashtra has huge concessions to Skoda for it's automobile plant near Aurangabad, Tamil Nadu offered special incentives to GM to set up its plant near Chennai. Karnataka and Andhra Pradesh have been competing to attract IT businesses in their state. Even the Central Government has joined in the act.

- Globalisation and Government's Financial Ability:

In a report titled: Exports give-always cost to govt Rs 760 cr, Jayanthi Ayangar (Economic Times) wrote about the various tax holidays provided to exporters. The detailed report suggested that with violations and other means of tax evasion, the loss to the government may amount to a 1000 crores. Rather than increase the government's ability to solve pressing problems, Globalisation has actually weakened the government's financial ability to intervene in the areas of education, healthcare and essential infrastructure.

On Aug 7, 1998 Deccan Herald, noted economist and deputy-chairman of the State Planning Board Dr. D.M. Nanjundappa had termed as "a bad commercial proposition`` the export incentives announced by former Union Commerce Minister Ramakrishna Hegde. "Excessive higher dependence on foreign capital inflows and rise in exports is likely to be dangerous. Unless there is a sustained growth in exports arising from improvement in the competitive strength of the Indian industry, our hope to recover will be the willow-the- wisp," he said. Referring to the incentives offered for exports during 1995-96 by the Narsimha Rao government, he said though the revenue loss varied between Rs.18, 00 crore and Rs.23, 000 crore, exports rose only by Rs.10, 000 crore. Losing Rs.25, 000 crore of revenue to get export earnings of Rs.10, 000 crore was not a good proposition adding that the loss of revenue and its implications were crucial. Two years later, his concerns remain just as valid since the trade deficit has widened to a record of 4 billion dollars for the last quarter. India's trade deficit grew almost 27% for the last quarter in spite of a substantial increase in exports. Although much of the rise came from fuel imports, growing fuel imports are themselves a negative consequence of poorly thought out liberalisation.

- Globalisation and Uncertainties:

Globalisation can and in fact has brought in a variety of uncertainties. Workers fear it because of competition of imports which threaten their jobs. The producers of import-substitutes, particularly those in the small sector, face elimination or they get sidelined by the big producers. The domestic companies, howsoever, large get forced out of business, or lose their entity when these are merged with or acquired by the large multinational companies. The volatile financial inflows, particularly those of financial institutional investors, and depositors, upset the financial system, the stock exchanges, the banks etc. Even the entire economy can be undermined, if the financial inflows are very large and are enough to overwhelm it. The dangers from these inflows give rise to such unhealthy and destabilising effect, as: sharp and sudden changes in investment sentiments; waves of speculation that upset exchange rates and share markets; large changes in inflows that imperil domestic financial institutions, large enterprises etc. The external shocks, like recessions or slow down in the big countries like the USA, get into a developing country like India via reduction in trade and financial flows, thereby upsetting the smooth functioning of the economic system.

- Globalisation and Brain Drain:

There is another type of loss that developing countries suffer and that is brain drain or emigration of skilled workers. This impairs the capacity of a country to harness advanced agricultural and technologies. No doubt, the migrants send money at home, but this may not always be sufficient to make up for the losses.

- Structural Adjustment Programme and Globalisation:

Globalisation closely related with the Structural Adjustment Programme (SAP) of the IMF and World Bank. The main policy used to achieve this was reduction of public expenditure of governments. It resulted in cuts in subsidies for the marginalised and the poor.

- Globalisation and Technology Transfers:

Take the argument that Globalisation brings in new technology. On a selective basis, Globalisation indeed brings in new technology and opposition to Globalisation is not tantamount to becoming technologically isolated from the rest of the world. But today, almost no advocate of Globalisation is calling for selectivity. For instance, Coca-Cola and Pepsi were welcomed into the country even though they offered little in terms of new technology. Cosmetic manufacturers and manufacturers of designer label clothes have also brought in little new technology of any consequence. The same can be said of advertising companies and manufacturers of consumer non-durable goods like soap, detergent, toothpaste, cereals etc.

So far, Globalisation in India has not been tantamount to an all-around technological up gradation of Indian design and manufacturing.

8. HOW INDIA WILL GET ADVANTAGES FROM GLOBALISATION?:

There is apparently need of the strengthening India's position in international trade. India has much strength, which several developing countries have not. Therefore, India is in a better position to gain from globalisation of trade and investment. Following are the suggestions to strengthen Indian economy.

- Strengthening the Agricultural Sector:

  Indian economy is still considered as an agrarian economy. Agriculture is the largest and the most important sector of the economy. Agriculture is the backbone of Indian economy and is a key to country's economic prosperity. Till today almost 60% people of total population is engaged in agriculture and share of agriculture in National Income is almost 26%. But unfortunately, in the emerging liberalised and globalised environment, the domestic agricultural sector is becoming weaker and getting further marginalised with the decline in the infrastructural investment by the state and with the withdrawal of various types of domestic incentives. During 1993-94 and 1999-00, the employment growth rate in agriculture was barely 0.02 percent. Thus, the major source of employment, that is, agriculture, became dry. Expenditure on agriculture research in India has 0.3 percent of GDP, while in European countries' it is about 1 percent of GDP. It is, therefore, necessary that an integrated strategy for the agricultural sector is adopted in the context of the new trading system.

  Investment in agriculture sector in the form of irrigation facilities, rural electrification, construction roads, drinking water supply, marketing etc, must take place to improving productivity in the agricultural sector. In India, it is vitally necessary to tap the high potential in agriculture by directing investment in backward regions. This will also enhance spending ability of rural consumers, there is apparently need of substantial investment from government and private sector.

- Prepare a Long-term Textile Strategy:

Textile sector is the most crucial sector of the Indian economy, next only to the agricultural sector. Unfortunately, its importance is not well recognised either in the industrial circles or in the policy circles. It has the potential of remaining as the lead sector for income generation and employment creation. Skill requirements of the sector are not very high. In recent years, however, the textile sector is shrinking in size and getting more and more marginalised. Unfortunately, there is no well-coordinated integrated national textile strategy to foster the competitive strength of the textile sector in highly competitive quota-free international market system in the post-MFA period.

Textiles sector is in urgent need of modernisation, technology change, restructuring and financial support. Facilities for training and retraining the labour for new and more skilled job profiles need to be strengthened. Presently, the textile industry, both in the public sector and in the private sector, is in the deep mode of sickness and slackness. National Textile Corporation has failed to revive the sick units. A multi-pronged national textile strategy needs to be worked out keeping in view the long-term potential of this sector. In the WTO fore, all textile-producing and exporting countries of the developing world should join hands in enforcing the early termination of the MFA system and for evolution of a rule-based global textile-restructuring programme.

- Try to Attempt for Taking Advantage of Skilled Manpower:

Emerging of India's information technology expertise to the top of the information technology industry in the world is a sign of the abundance of skilled manpower in our country. Therefore, in India's interest to ensure that there is a greater freedom of movement of skilled manpower. At the same time, we should attempt to take all efforts to remain a frontline country in the area of skilled manpower.

- Making a Competitive Environment Domestically:

India must take advantage of the extended time given to developing countries to dismantle trade barriers. So that India can take full advantage of wider market access. There is need of enactment of some legislation to protect various sectors such as agriculture.

- Improvement in Infrastructure:

The government should continue concentrate heavily on infrastructure development. Timely implementation and financing are two important issues in infrastructure development. Government should look these issues. Private sector should be encouraged to invest in infrastructure facilities. In the developed countries role of private sector in the development of infrastructure facilities is vital, it should be also happed in India.

- Improvement of Social Sector:

Human capital formation helps in promoting capabilities of the people so that they can reap the benefits of globalisation. For this, a country must increase its expenditure on education, health and poverty alleviation programmes. In case, the entire responsibility for financing health and education has to be borne by he individual, then left to the market force, only the rich will be able to acquire human capita and the poor, by and large, will be excluded. Globalisation has further increased the need for acquiring skills, because the main drivers of globalisation are the multinationals that use latest high level of technology. To save the poor from exclusion from the benefits of globalisation, it is necessary for the state to increase public investment in social sector. At present, India spends 3.74 percent of GDP on education during 2003-04. Need it be mentioned that during 1990s practically the same level of public expenditure was incurred on these two major items pertaining to human capital formation. But to provide quality education and health, a much larger amount should be spent. It is now well documented that human development is conducive to economic growth. Therefore, it I vitally important that to promote an integral approach to development, a much greater effort in terms of both monetary and non-monetary resource has to be made so as to promote employment growth and social security, education and health and an effective poverty reduction programme, so that a common man can take viable advantage of globalisation.

- Improvement of Service Sector:

India can achieve high growth by giving importance to the service sector. Finance, Insurance and IT sector are emerging service sectors of India. These can contribute substantially to development of economy.

- Creation of an Environment:

Efforts should be made by the Indian entrepreneurs to create such industrial environment in the economy, which will make Indian an important centre for world production. They would keep themselves prepared to compete with Multinational Corporations through improvement in technology, assessment of costs, productivity and quality of commodities. So the only goal of the every entrepreneur should be to make available commodities of industrial quality at competitive prices. To compete with foreign companies, they must have Action Plans to improve their performances.

- Emphasis on Innovation and Technology:

Developing economies mostly depend on imports of materials, services, technology and capital for enhancing the efficiency and the productivity of the internal economy. Exports make available the enabling mechanism for fulfilling this vital need. Exports face though competition in the area of World trade. They can be achieved only through the proper utilization of the factor advantages of the internal economy. Efforts should always be made regularly by improving these advantages through innovation and technology.

- Lesser Bureaucratic Control:

Bureaucratic control should be minimised as far as possible to give diplomatic structure to the public enterprises in India. It must be associated with the object of globalisation.

- Emphasis on Political Stability:

Emphasis should be given on political stability and social harmony. Foreign investment cannot increase unless they feel political stability in the country. At the stage of political turmoil, they show less interest to invest in the country. Political parties should also make attempts to bridge the differences between themselves on the question of globalisation to compete the economy at the international level.

- Emphasis on Stability of Policies:

Efforts should be made to ensure stability on our policy. Although we are used to change rates regularly for the next coming years, the policy of stability is must for the second investment in the economy. Some countries like Philippines and Thailand are following the policy of stability in custom duties by finding the periods of fifteen years and five years respectively. It seems that policy of stability injects the flow of sound investment in the economy.

- Need of Encouragement to Indian Companies to File Patent Application:

India must also be active in ensuring that our firms make effective use of the new patent rights. South Korea has been able to file as many as 5, 000 patent applications in the U.S. in recent years while in India due to lack of awareness very few patent applications are filed. There is a need a truly active agency in India to file patent applications.

9. CONCLUSION:

The ILO Report regarding the perception of globalisation mentions: "In India, the message was more mixed; there had been winners and losers. The lives of the educated and the rich had been enriched by globalisation. The information technology (IT) sector was particular beneficiary. But the benefits have not yet reached the majority, and new risks had cropped up for the losers, socially deprived and rural poor. Significant numbers of "non-perennial" poor, who had worked hard to escape poverty, were finding their gains reversed…Power was shifting from elected local institution to unaccountable translational bodies." In that sense, the world should move towards more "human globalisation."

In his book "When Corporations Rule the World", David C. Korten warn that the "globalised economic system has an inherent bias in favour of the large, the global, the competitive, the resource extractive and the short-term." But "our challenge," says David C. Korten, "is to create a global system that is biased towards the small, the local, the co-operative, the resource-conserving and the long-term." Korten maintains that "the crisis of deepening poverty, growing inequality, environmental devastation and social disintegration in the developing and developed countries was due to the policies being observed by the U.S. which must change of the world to survive.”

The Indian Government, therefore, must beware of its headlong plunge for the globalisation of the economy and opening it to foreign capital and to MNCs. And the people must mobilize their power against the present global economic system or “otherwise, we will continue to live under the tyrannical rule of a global financial system that is leading us in the direction of almost certain social and ecological collapse.”

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CHAPTER – 4
WORLD TRADE ORGANISATION

> "The hopeless beggar, the precarious landless labourer, the dominated housewife, the hardened unemployed of the over exhausted coolie may all take pleasures in small mercies, and manage to suppress intense suffering for the necessity of continuing survival, but it would be ethically deeply mistaken to attach a correspondingly small value to the loss of their well-being because of this survival strategy."
>
> \- Amartya Sen.*

1. INTRODUCTION:

Theoretically all countries shall be able to produce all goods required in the country but they may not be able to produce all goods with equal facility. America will not be able to produce oriental rugs as it does the latest technological goods. America will be able to produce rugs but not at the same quality and price as India. Likewise India will be able to produce the latest technological goods but not in the same way America produces them. That is why, even in earlier times, goods produced cheaply in another country are imported, while goods produced locally and not available at such a price of quality are exported to another country. That is why International trade is as much relevant now as in the earlier times.

The World Trade Organisation (WTO) provides the basic framework for conduct of international trade and sets up the norms for the conduct of such trade. It is the conduct of international trade that WTO lays the framework and the norms for its conduct.

The birth of the WTO on the first day of the year 1995 was definitely a new beginning for the world in terms of trade, tariff, and territorial expansion of commerce. India's joining the WTO family was also

* K Seethapathi, Hong Kong: Doha Extended, Treasury Management, The ICFAI University Press, February 2006.

motivated by the expectation to strengthen her trade under the strengthened multilateral trading system. The country had initiated economic reforms programme in July 1991. Liberalisation of foreign trade was an important aspect of this programme. Measures were taken to create an environment for rapid increase in exports, raiser the country's share in world exports and make exports an engine for achieving higher economic growth. India's membership of the WTO was expected to accelerate this drive for expansion of exports and bring higher growth leading to better earnings and living for the 'average citizen of India'.

2. HISTORICAL BACK GROUND:

As mentioned in the beginning, the World Trade Organisation (WTO) came into existence in 1995 but its history goes back to the World War II. The world trade experienced massive disruptions during the Great Depression of the late twenties and the early thirties when economic nationalism reigned supreme. In these years, the governments of many nations indulged in competitive devaluations of their currencies, raised their import duties to abnormal heights and imposed various types of trade restrictions to balance their payments, undermining the worlds' trading system. During the World War II, it was feared that the depressed economic conditions of the 1930s might return after the cession of War, as nations, like in the past, would attempt to return to balanced budget. This would create problems for international trade. Therefore, plans for reform in the international trading system began to take shape during the war. As the war ended, the allied powers met in Bretton Woods, New Hampshire in 1944 to set some guidelines for the operation of the world economy in the post war years. The International Monetary Fund (IMF) to promote international monetary cooperation and trade and the International Bank for Reconstruction and Development (Popularly known as World Bank) to finance economic reconstruction and development – were conceived at this conference. This conference also generated plans for the establishment of an International Trade Organisation (ITO) to frame rules, eliminate restrictions and settle disputes relating to international trade. But the ITO failed to take shape due to the non-approval of its charter by the U.S. Congress. Instead the U.S. and some other countries agreed to adopt as treaty obligations a set of rules for conducting international trade among themselves. This treaty was called the General Agreement on Tariffs and Trade (GATT). The GATT was signed in 1947 at Geneva by 23 countries including India and became effective from January 1, 1948.

The GATT framed rules for conduct of international trade among member nations and provided forum for multilateral negotiations on issues relating to it. Its members agreed to abide by the principle of non-discrimination embodied in the most-favoured-nation (MFN) clause and national treatment. They committed to protect their domestic industry by tariffs only and bind the tariff levels negotiated among themselves. The GATT also established a framework for settlement of trade disputes. Over the years, the GATT pursued trade liberalisation by sponsoring a series of negotiations or rounds and achieved remarkable success in reducing tariffs all around the globe especially in the developed countries. Continued reduction in tariffs helped spur an unprecedented expansion in world trade surpassing the rate of growth of world output. But despite these achievements, grievances against the working of the GATT appeared in the early 1980s. Its credibility and effectiveness began to be questioned on grounds of its limited success in eliminating non-tariff barriers (NTBs) to international trade and ignoring trade in agricultural goods, textiles and clothing and services. Its weak institutional structure and defective dispute settlement system were considered responsible for impeding further progress in trade liberalisation. Its members wanted it to be improved to absorb the complexities of world trade, encompass additional areas of trade and address increasingly the concerns of developing countries. The developing countries, called GATT as the "rich men's club". [1]

1. Wahab, Abdul (2005), "India's Exports under the WTO Regime: An Assessment", 88th IEA, Annual Conference Volume-I, pp. 10-21.

Founding Members of the GATT

1. Australia	13. Lebanon
2. Belgium	14. Luxembourg
3. Brazil	15. The Netherlands
4. Burma (now Myanmar)	16. New Zealand
5. Canada	17. Norway
6. Ceylon (now Sri Lanka)	18. Pakistan
7. Chile	19. Southern Rhodesia (Now Zimbabwe)
8. China	20. Syria
9. Cuba	21. South Africa
10. Czechoslovakia	22. United Kingdom
11. France	
12. India	

Source: CUTS (2002), Centre for International Trade, Economic & Environment, Jaipur.

From 1948 to 1994, the General Agreement on Tariffs and Trade (GATT) provided the rules for much of world trade. It was a provisional agreement and Organisation.

3. ROUNDS OF GATT:

Between 1947 and the last year of GATT there were 8 rounds of negotiations between the participating countries. In the early years, the GATT trade rounds concentrated on further reducing tariffs. Then, the Kennedy Round in the mid-sixties brought about a GATT Anti-Dumping Agreement. The Tokyo Round during the seventies was the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system. The 8th round, the Uruguay Round of 1986-94, was the most extensive of all and it led to the WTO and a new set of agreements.

GATT ROUNDS

Round	Year	Venue	Issues	Countries
I	1947	Geneva (Switzerland)	Signature on first GATT agreement.	23
II	1949	France	Tariff reduction on specific products	13
III	1950-51	Torque (England)	Tariff reduction on specific products	38
IV	1956	Geneva	Tariff reduction on specific products	26
V (Dillon Round)	1960-61	Geneva	Introduction of European community for the first time and 20% tariff reduction	26
VI (Kennedy Round)	1964-67	Geneva	33% reduction in restrictions on manufactured goods.	62
VII (Tokyo Round)	1973-79	Geneva	Non-tariff restrictions, etc.	102
VIII (Uruguay Round)[1]	1986-93	Beginning in Uruguay and closing at Geneva	Agricultural, services, TRIPS, TRIMS related issues.	123
IX (Doha Round)	2001		Negotiations on the relationship between trade & environment and new issues may start	144

Source: CUTS (2002), Centre for International Trade, Economic & Environment, Jaipur.

4. VEHEMENT ONSLAUGHT ON DUNKEL:

The setting up of World Trade Organisation was a direct offshoot of the controversies arising out of turbulent proposals prepared by the Director General of GATT, Dr. Arthur Dunkel, for the member countries on the basis of eighth round of discussion held at Uruguay.

During the course of Uruguay Round of negotiations, some powerful member countries desire to enlarge its area of coverage of the accord by way of adding a few hottest topics related to agricultural products, textiles and clothing and intellectual property rights which faced widespread resentment by the member countries. Under this background the Dunkel Draft came into existence under the hard and partial captaincy of U.S.A.

When we examine the abbreviation meaning of the DUNKEL we find that there are six poisonous stings, which would annihilate the future prospects of foreign trade of the member developing countries, which are as under:

D = Direction of America to the Director of the GATT to search out international market for her goods.

U = Uruguay Accord runs under American threatening to debar India and other member developing countries from using the developed technology of the USA under the special provision of Article 301 if its Omnibus Trade Competitiveness Act (OTCA).

N = Notorious document which aims at destroy the basic fabric of the concept of Welfare State of the political system with a view to promote the capitalist forces of the open market economy.

K = Killing agricultural and human resources of the member countries by reducing subsidy and by enlarging the purview of the patent.

E = Elimination of restrictions on trade, quota system, licensing and other non- tariff controls paves the way for the advance countries to promote their exports in the open and competitive market of the member developing countries.

L = Limited scope of benefit of this draft to the member countries.

In this way, we find that the term Dunkel was not suitable for the poor member countries and the seeding of the draft could not be transplanted happily in their soil.

Despite these severe criticisms and vehement onslaught placed by the less developed member countries against the Dunkel draft, the Uruguay round of GATT negotiations was formally concluded at the ministerial conference held in Marrakesh, morocco, from 12th to 15th April, 1994. India, along with 110 other countries authenticated the Uruguay round by signing the final act. In addition 120 countries also signed the agreement establishing the WTO, which came into force from January 1, 1995, and India has become the founder member of this organisation by ratifying the WTO agreement on December 30, 1994. The final act of Uruguay round is a legal international trade treaty among the 120 member countries, many more countries interested to the WTO, to follow GATT laws, regulation and administrative procedures.[2]

5. RISE OF WTO:

The 8th round popularly known as “Uruguay Round” conducted by the Director General of GATT Dr. Arthur Dunkel, which was later, called as the Dunkel Draft.

The Uruguay Round of GATT gave the birth to World Trade Organisation. The 123 members of the GATT signed on an agreement of Uruguay Round in April 1994 in Morocco for establishing a new Organisation named WTO. It was officially constituted on January 1, 1995, which took the place of GATT as an effective formal Organisation. GATT was an informal Organisation, which regulated world trade since 1948.

Contrary to the temporary nature of GATT, WTO is a permanent Organisation, which has been established on the basis of an international treaty approved by participating countries. It achieved the international status like IMF and IBRD but it is not an agency of the UNO.

This round of trade was unique in several respects. It covered many new areas such as agriculture, textiles, technology; intellectual property rights (IPRs), trade-related investment, services, etc. It included in its scope of liberalisation, not-tariff barriers (NTBs), along with tariffs, and conceived many new norms and disciplines such as sanitary measures, anti-dumping measures, dispute settlement procedures, safeguard measures etc., with a view to ensuring liberalized effective market access and rule-based trade.

6. ADMINISTRATION:

Decisions in the WTO are made by the entire membership – this is typically by consensus. A majority vote is also possible but it has never been used in the WTO, and was extremely rare under the WTO's predecessor, GATT. The WTO's agreements have been ratified in all members' parliaments.

The WTO's top-level decision-making body is the Ministerial Conference, which meets at least once every two years.

Below this is the General Council (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from member's capitals), which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body.

At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialised committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

All WTO members may participate in all councils, committees, etc., except Appellate Body, Dispute Settlement panels, Textiles Monitoring Body, and plurilateral committees.

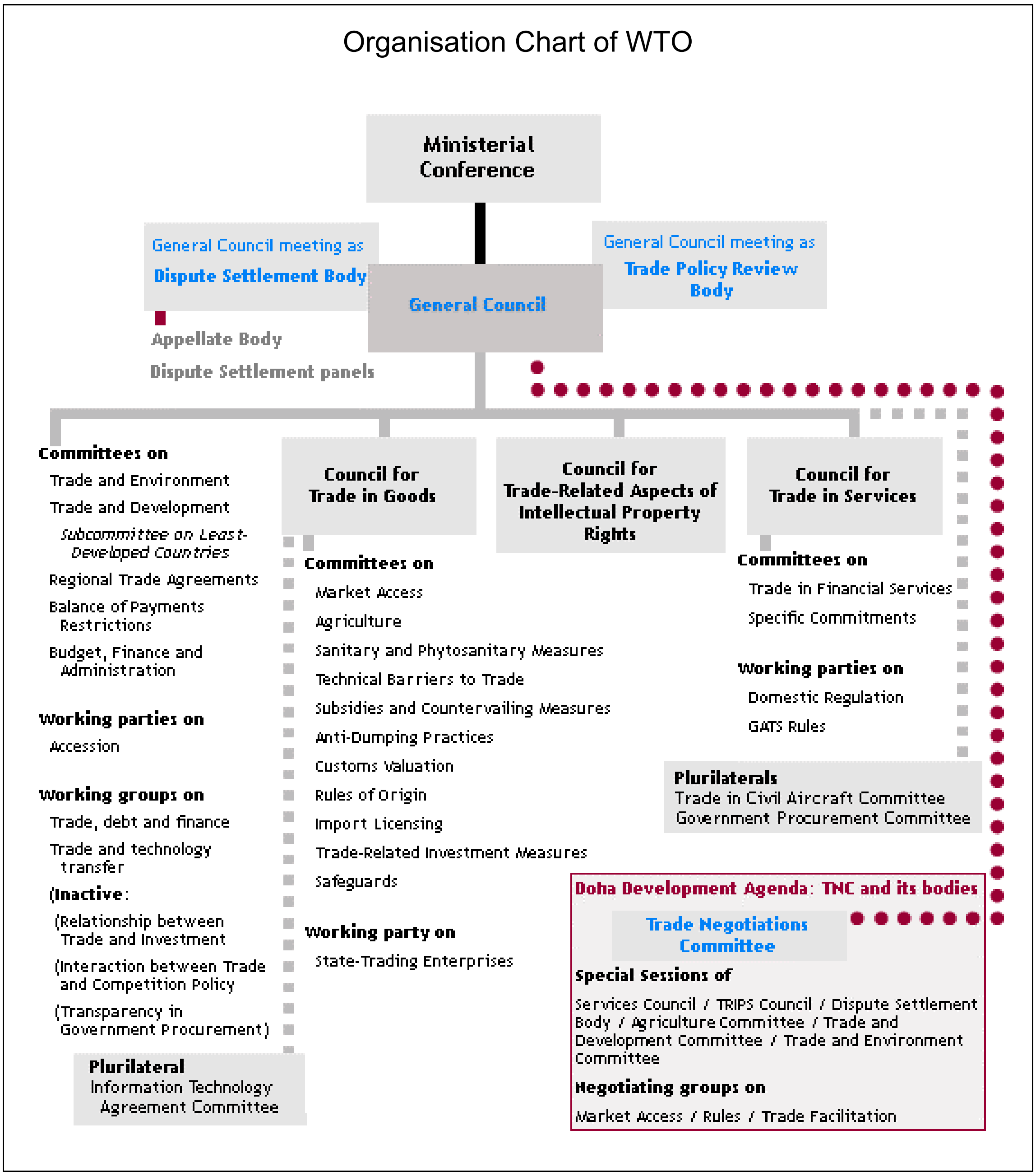
7. STRUCTURE:

Following chart, which shows the Organisation structure of WTO, will be helpful to understand WTO and its administration.

The General Council also meets as the Trade Policy Review Body and Dispute Settlement Body.

The negotiations mandated by the Doha Declaration take place in the Trade Negotiations Committee and its subsidiaries. This now includes the negotiations on agriculture and services begun in early 2000. The TNC operates under the authority of the General Council

The General Council approves each year new chairpersons for the major WTO bodies.



Source: WTO Understanding the WTO - Organisation chart.htm

Reporting to General Council (or a subsidiary)

Reporting to Dispute Settlement Body

Plurilateral committees inform the General Council or Goods Council of their activities, although these agreements are not signed by all WTO members

Trade Negotiations Committee reports to General Council

8. FEATURES OF WTO:

The WTO is the main organ of implementing the Multilateral Trade Agreements.

- The WTO is global in its membership.
- It is the forum for negotiations among its member.
- It has a far wider scope than its predecessor GATT, bringing into the multilateral trade system, for the first time, trade in service, intellectual property protection and investment.
- It is a full-fledged international Organisation in its own right.
- The decision making under the WTO is carried out by consensus where a consensus is not arrived at the issue shell be decided by voting. Each member has one vote.

9. OBJECTIVES AND PRINCIPLES OF WTO:

The primary objective of GATT was to expand international trade by liberalising trade so as to bring bout all-round economic prosperity. The Preamble to the GATT mentioned the following as its important objectives.

- To improve standard of living of people in the member countries.
- To ensure full employment and broad increase in effective demand.
- To enlarge production and trade of goods.

The above three objectives were also included in GATT, but WTO has included some other objectives. Which are:-

- To enlarge production and trade of services.
- To ensure optimum utilization of world resources.
- To accept the concept of sustainable development.
- To protect environment.

For the realisation of its objectives, GATT adopted the following principles:

1. **Non-discrimination:-** The principle of non-discrimination requires that no member country shall discriminate between the members of GATT in the conduct of international trade. To ensure non-discrimination the members of GATT agree to apply the principle of most favoured nation (MFN) to all import and export duties. This means that "each nation shall be treated as the most favoured nation." As far as quantitative restrictions are permitted, they too, are to be administered without favour. However, certain exceptions to this principle are allowed.

2. **Prohibition of quantitative restrictions:-** GATT rules seek to prohibit quantitative restrictions as far as possible and limit restrictions on trade to the less rigid tariffs. However, certain exceptions to this prohibition are granted to countries confronted with balance of payments difficulties and to developing countries. Further, import restrictions were allowed to apply to agricultural and fishery products if domestic production of these articles was subject to equally restrictive production or marketing controls.

3. **Consultation:-** By providing a forum for continuing consultation, it sought to resolve disagreements through consultation. So far eight rounds of trade negotiations were held under the auspices of the GATT. Each round took several years. The Uruguay Round, the latest

one, took more than seven years to conclude, as against the originally contemplated more than four years, this shows the complexity of the issues involved in the trade negotiations.

10. CONFERENCES:

A list of the first ministerial conference to last ministerial conference is given below.

- First Ministerial Conference of WTO

  First Ministerial Conference of WTO was held in Singapore on December 9-13, 1996.

- Second Ministerial Conference of WTO

  Second ministerial conference of WTO is held on May 18-20, 1998 at Geneva.

- Third Ministerial Conference of WTO

  The third ministerial conference of WTO comprising of 137 members was held in America on Nov. 30 to Dec. 3, 2000 at Seattle.

- Fourth Ministerial Conference of WTO

  The fourth ministerial meeting of the WTO was held in Doha in Nov. 2001 in which ministers from the 142 member countries participated.

- Fifth Ministerial Conference of WTO

  The fifth ministerial conference of WTO was held in Cancun, Mexico from 10-14 September in 2003.

- Sixth Ministerial Conference of WTO

Sixth Ministerial Meet to be held in December 2005 in Hong Kong.

11. FUNCTIONS:

The WTO's overriding objective is to help trade flow smoothly, freely, fairly and predictably. It does this by:

- Administering the WTO trade agreements.
- To provide facilities for implementation, administration and operation of multilateral and bilateral agreement of the world trade.
- To provide a platform to member countries to decide future strategies related to trade and tariff.
- To administer the rules and processes related to dispute settlement.
- To implement rules and provisions related to trade policy review mechanism.
- To assist IMF and IBRD for establishing coherence in universal economic policy determination.
- To ensure the optimum use of world resources.
- The WTO's overriding objective is to help trade flow smoothly, freely, fairly, and predictably.

12. DIFFERENCE BETWEEN WTO AND GATT:

WTO is distinct from the GATT in certain respects. It has an institutional set-up and a wider coverage. It is equipped with powers to enforce commitments, rules and norms of discipline in international trade among its members. It has an improved dispute settlement system. It is responsible for overseeing the implementation of all agreements that were negotiated before it came into existence and those that will be negotiated in future. Thus, in short, the WTO seeks to promote both trade and the multilateral trading system to face the needs of the future.

The old GATT system allowed, under what was known as the 'grandfather clause', existing domestic legislation to continue even if it violated a GATT agreement that a member country had accepted by being a signatory to GATT. The WTO, specially rules this out. See table

Difference between WTO AND GATT

GATT	WTO
GATT was Adhoc and provisional	WTO and its agreements are permanent
GATT had contracting parties	WTO has members
GATT system allowed existing domestic legislation to continue even if it violated a GATT agreement	WTO does not permit this
GATT was less powerful, dispute settlement system was slow and less efficient, its ruling could be easily blocked	WTO is more powerful than GATT; dispute settlement mechanism is faster and more efficient, very difficult to block the rulings.

Source:- Cherunilam, Francis (2004), "International Business – Text and Cases", Prentice-Hall of India Private Limited, New Delhi.

Under the old system, there were two GATTs: (i) GATT the Agreement – i.e., the agreement between contracting parties (governments) setting out the rules for conducting international trade; (ii) GATT the organisation- an international organisation created to facilitate discussions and administration related to the Agreement (adhoc, though, continued to exist until the establishment of WTO). GATT the organisation, ceased to exist with the establishment of WTO; GATT the agreement, which always dealt with (and still does) trade in goods, continues to exist, in amended form, as part of the WTO alongside two new agreements, viz., General Agreement on Trade in Services (GATS) and General Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). The old text is now called 'GATT 1947' and the updated version is called 'GATT 1994'.

In short, the WTO is GATT plus a lot more. GATT (the institution) was small and provisional, and not even recognised in law as international organisation. GATT (the agreement) has been amended and incorporated into the Agreements now cover services and intellectual property as well.

The WTO is a more powerful body with enlarged functions than the GATT and is envisaged to play a major role in the world economic affairs. To become a member of the WTO, a country must completely accept the Uruguay Round.

13. INDIA AND WTO:

WTO is accounted for more than 90% of World Trade. India along with other 75 countries has an honour of being first day founder member. India's trade links with all the regions of the world increased over the years. In view of the current wave of worldwide Globalisation, India has taken major initiatives to diversify its export base as also their destinations. Exports cover over 7500 commodities to about 190 countries while imports from 140 countries account for over 6000 commodities.

Recently, electronics hardware and software export have increased in significant way and these are mainly to the field of E- commerce and E-business. Consequent upon IT Revolution have added new dimensions to global as well as India's trade and commerce. There is also substantial growth in value-added services in communication, construction, financial, news agency, royalty, copyright, licence fee and management

It is significant to note with the reference to World Trade Organisation that during the six-year period (1994-95 to 2000-01), India's average export growth rate was always higher than the world's average export growth rate. Even when world's export growth rate was negative in 1998, India's average export growth rate was higher than the world's average export growth rate. India's export growth in 2000 was 16.46% against world export growth of 12.4%. India's rank in world exports is 31.

The objective of following discussion is to examine the impact of WTO Agreements on India's foreign trade and analyse the export experience of India, during the past ten years since the establishment of WTO and the new trading environment.

- India's aggregate export performance:

  Trends in the foreign trade of India in value terms are shown in Table 4.1 for the period 1995-96 to 2004-05, representing the first decade after the establishment of the WTO in 1995.

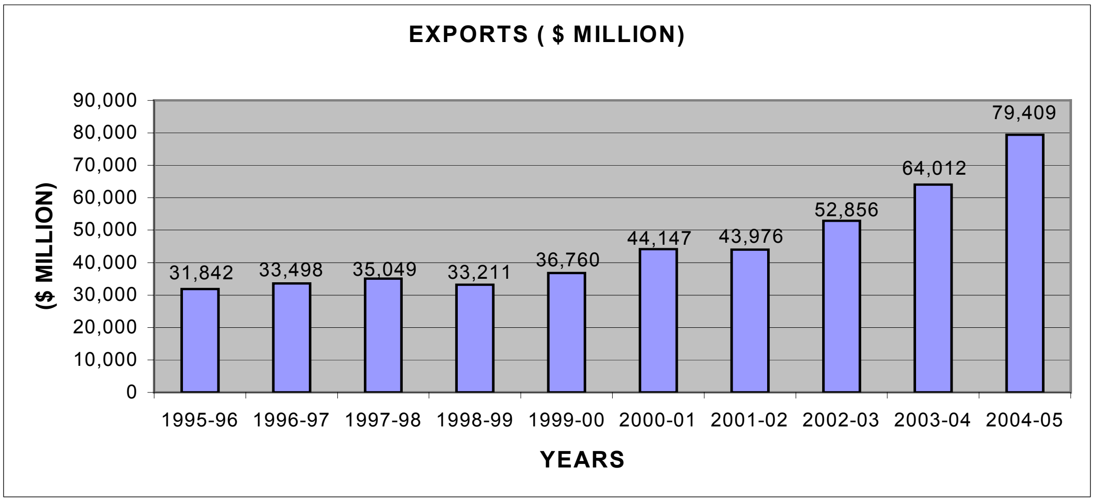
TABLE – 4.1

Trends in India's Foreign Trade

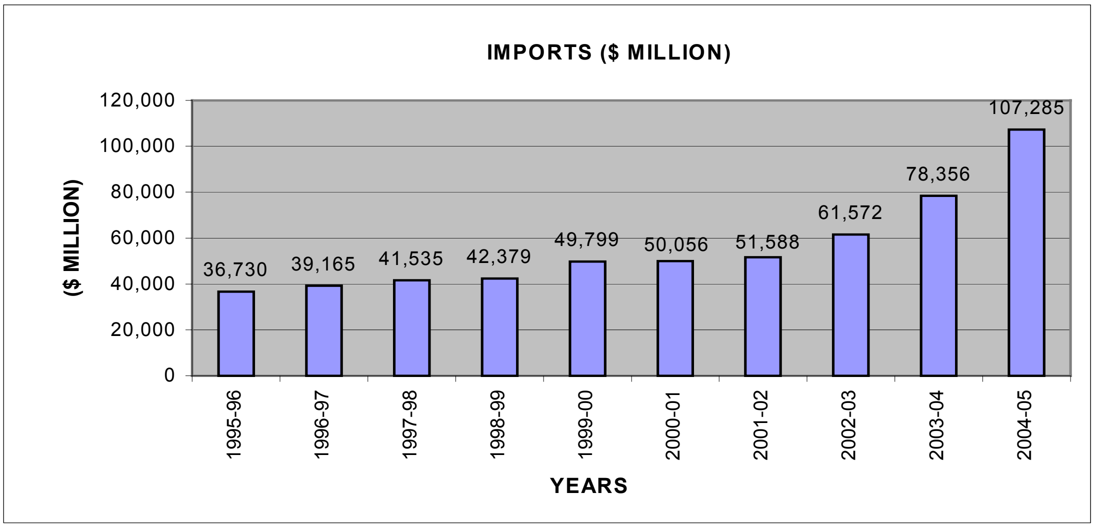
Year	Exports ($ Milln)	Imports ($ Milln)	Trade Balance ($ Milln)	Exports (% change)	Imports (% change)
1995-96	31,842	36,730	-4,888	20.9	28.2
1996-97	33,498	39,165	-5,667	5.2	6.6
1997-98	35,049	41,535	-6,486	4.6	6.0
1998-99	33,211	42,379	-9,168	-5.2	2.0
1999-00	36,760	49,799	-13,039	10.7	17.5
2000-01	44,147	50,056	-5,909	20.1	0.5
2001-02	43,976	51,588	-7,612	-0.4	3.1
2002-03	52,856	61,572	-8,716	20.2	19.4
2003-04	64,012	78,356	-14,344	21.1	27.3
2004-05	79,409	107,285	-27,876	24.1	36.9

Source:- 88th IEA, Annual Conference Volume, Part – I, pp. 4.

GRAPH – 4.1.1



GRAPH – 4.1.2



GRAPH – 4.1.3

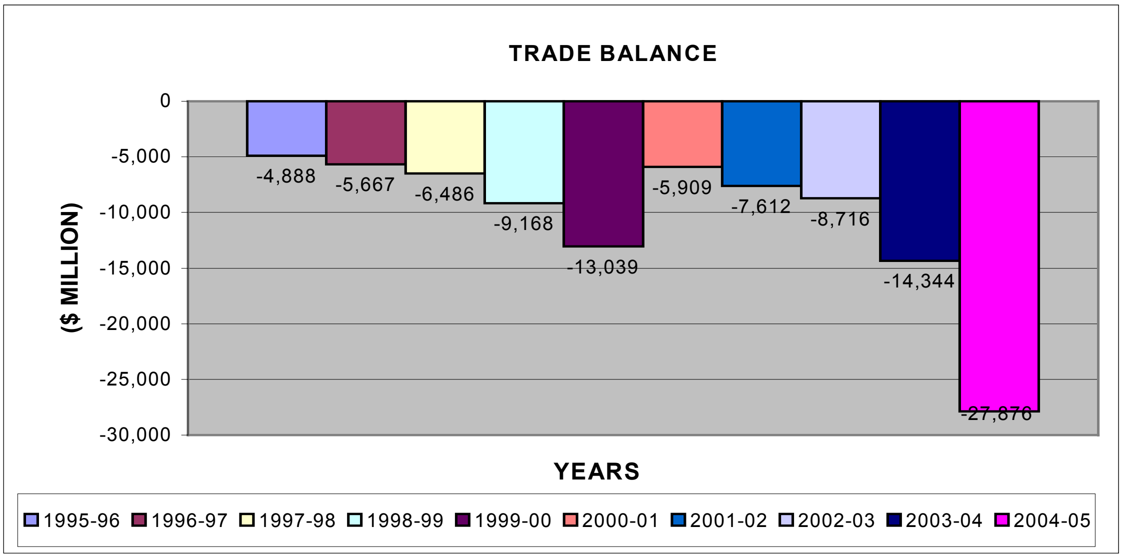


TABLE – 4.2

Performance of India's Foreign Trade (Annual Per cent age Change)

Year	Exports Value ($ US)	Exports Growth Volume	Imports Value ($ US)	Imports Growth Volume
1989-90	7.7	10.6	8.3	12.4
1990-95	8.1	10.9	4.6	12.9
1995-00	7.3	10.2	12.0	11.9
2000-01	21.0	23.9	1.7	-1.0
2001-02	-1.6	3.7	1.7	5.0
2002-03	20.3	21.7	19.4	9.5
2003-04	21.1	-	27.3	-

Source:- 88th IEA, Annual Conference Volume, Part – I, pp. 4.

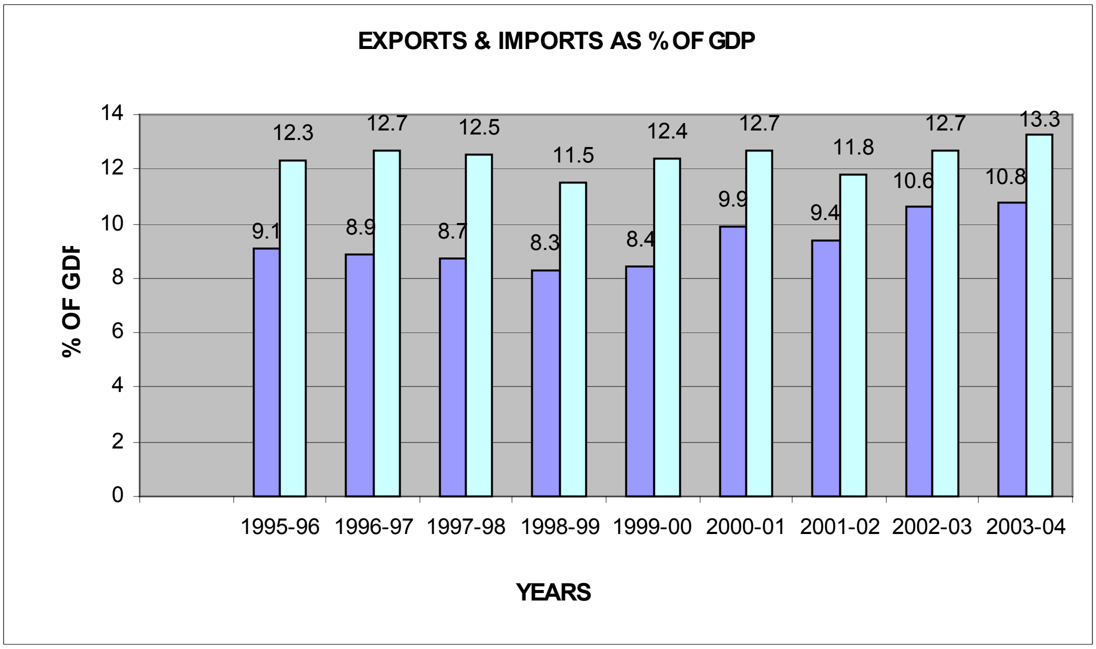
TABLE – 4.3

Selected Indicator of India's External Sector

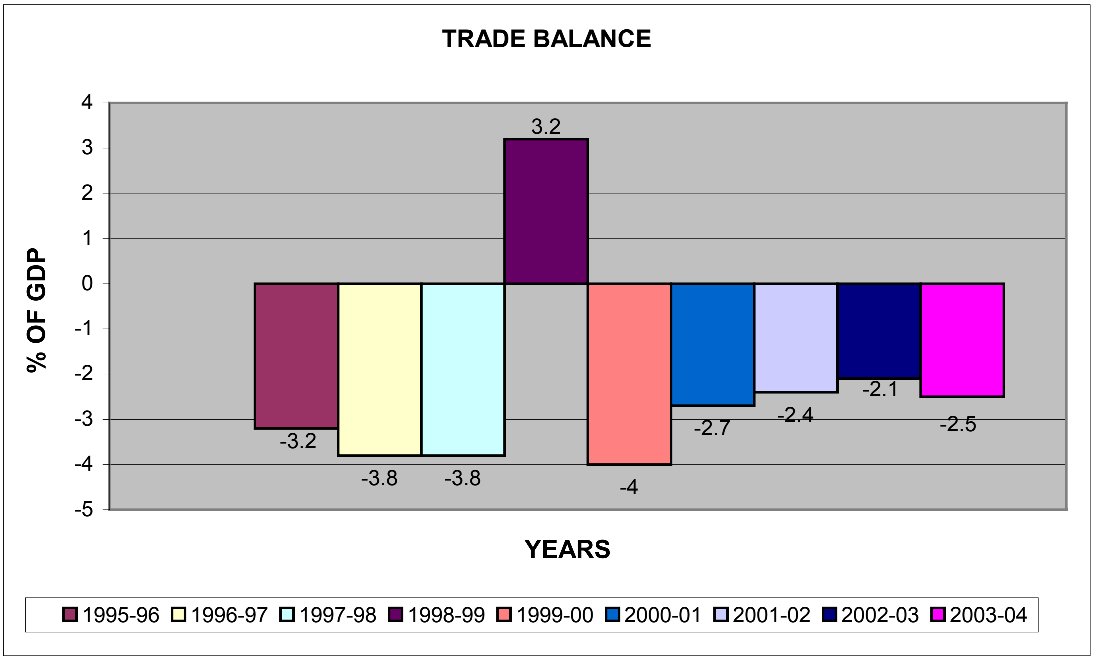
Year	Exports / Imports (%)	Imports cover of FER (No. of Months)	Exports	Imports	Trade Balance
1995-96	74.0	6.0	9.1	12.3	-3.2
1996-97	69.7	6.5	8.9	12.7	-3.8
1997-98	69.7	6.9	8.7	12.5	-3.8
1998-99	72.1	8.2	8.3	11.5	3.2
1999-00	67.8	8.2	8.4	12.4	-4.0
2000-01	78.5	8.8	9.9	12.7	-2.7
2001-02	79.4	11.5	9.4	11.8	-2.4
2002-03	83.4	14.2	10.6	12.7	-2.1
2003-04	80.7	16.9	10.8	13.3	-2.5

Source:- 88th IEA, Annual Conference Volume, Part – I, pp. 5.
Note: Exports, Imports and Trade Balance as per cent of GDP at Current Market Prices.

GRAPH – 4.3.1



GRAPH – 4.3.2



It is evident from Table 4.1 that the fiscal year 1995-96 began with a high 20.9 per cent growth in exports in dollar terms. However, the next three years, immediately after the formation of WTO, witnessed a decline in the export growth to 5.2 per cent and 4.6 percent in 1996-97 and 1997-98 and a negative growth of -5.2 per cent in 1998-99, respectively. Exports increased sharply by 10.7 per cent in 1999-2000 and by as high as 20.1 per cent in 2000-01 but declined to a negative growth of -0.4 per cent in2001-02. However, the last there years of the decade witnessed a record high increasing trend in the growth of exports of 20.2 per cent, 21.1 per cent and 24.1 per cent in 2002-03, 2003-04 and 2004-05, respectively.

Thus, we find that India's aggregate export performance showed a decline in the first three years after the establishment of WTO, but showed an impressive and increasing trend in the last three years, even surpassing the export growth of the year 1995-96, when WTO became operational. Performance of the foreign trade sector of India in terms of volume is shown in Table 4.2.

It is evident from Table 4.2 that increase in exports in terms of volume was witnessed in the strengthening of India's export performance, particularly in the years 2000-01 and 2002-03. Thus, the robust growth in India's exports has been not only in terms of value, but in terms of volume as well. The financial year 2005-06 began on a buoyant note in an environment of accelerating World trade. India continues to be one of the fastest exporting countries of Asia (R.B.I., 2005, p.569).

The selected indicators of the external sector of India are shown in Table 4.3.

It is evident from Table 4.3 that there is an improvement in the import coverage of exports of India from 74 per cent in 1995-96 to a high level of 83.4 per cent in 2002-03 and stood at 80.7 per cent in

2003-04. The import coverage of foreign exchange reserves increased from 6 months in 1995-96 to 16.9 months in 2003-04. This substantiates the improved export performance of India during the period 1995-96 to 2003-04. The performance is particularly impressive in the last three years, namely, 2001-02, 2002-03 and 2003-04.

Table 4.3 further shows that exports accounted for 9.1 per cent of the GDP in 1995-96. This share increased gradually to 10.8 per cent by 2003-2004. The foreign trade of India i.e., exports and imports put together accounted for 21.4 per cent of the GDP in 1995-96 and increased further to 24.1 per cent by the year 2003-04. This reflects the growing integration of the Indian economy with the World economy. Trade policy reforms of India initiated in the 1990's with their focus on liberalisation and globalisation contributed to some extent to the current strengthening of export growth.

- Share of India's Exports in World Exports:

India is yet to emerge as a trade power. It is disturbing to note that India's share in world export is declining but the value of trade increased many times. At the same time it is heartening to note that the India's share of exports as percentage of world exports is looking up. The following table shows the India's exports as percentage of world exports.

TABLE – 4.4

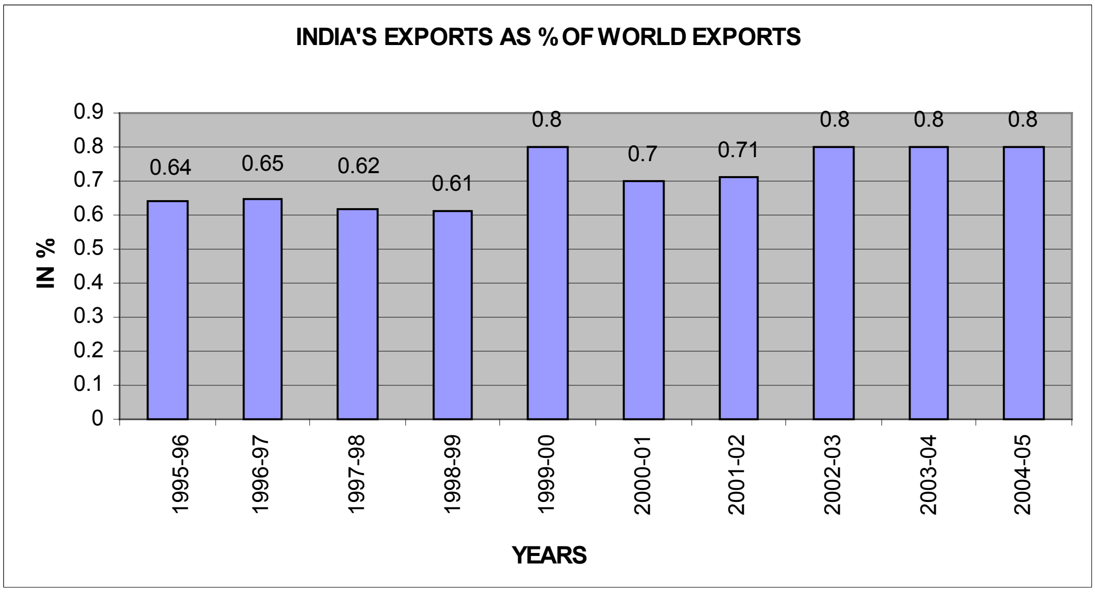
Share of India's Exports in World Exports

Year	India's Exports as % of World Exports
1995-96	0.64
1996-97	0.65
1997-98	0.62
1998-99	0.61
1999-00	0.80
2000-01	0.70
2001-02	0.71
2002-03	0.80
2003-04	0.80
2004-05	0.80

Source:- Statistical Outline of India 2004-2005,

Tata Services Limited, Bombay House, Mumbai.

GRAPH – 4.4



14. ADVANTAGES OF WTO:

- India Should Not be an Exception

Ours is one of the few developing countries, which have chosen to join WTO after careful deliberations in their respective countries, obviously, they have perceived economic gains for themselves by becoming members. India should not be an exception.

- WTO-not for Industrialised Countries

The criticism that the WTO exists only for Industrialised countries is not all that valid. During the seven-year course of the Uruguay Round between 1986 and 1993, over 60 developing countries implemented trade liberalisation programmes. 80% of the members of WTO are from developing countries. So developing countries can get the benefit of it, if there is unity in between them.

- A Number of Concessions and Favours

As under GATT under WTO also developing countries, particularly least developed countries, are accorded a number of concessions and favours. Their liberalisation requirements are lower and they are allowed longer period to fulfil the liberalisation commitments. The WTO also calls upon the developed nations to grant special preferences to imports from developing countries. There are also some committees under the WTO to look after the interests and special needs of the developing countries.

- A Dynamic Export Industries

There is another reason why India needs to search for external markets. This is the crucial dependence on imports for survival. The country has for long believed that it is a self-sufficient, independent economy. But, infect, from petroleum and fertilizers to capital goods, raw material and life saving drug, the Indian economy is vitally dependent on imports. As long as it is dependent on imports, it needs to export to pay for these imports.

As long as India needs to export and import, it makes far more sense to be a part of the multilateral trading system than stay out of it. That is why even a country like China has been trying to get into the WTO.

- International Trade Centre

By being a member of the WTO, India can get benefit from the International Trade Centre. The centre helps the developing countries to promote their exports. It provides information and advice on export markets and marketing techniques.

- India's Share in World Trade

Assuming that India's market share in world trade improves from 0.5% to 1% and that we are able to take advantage of the opportunities that are created, the exports may increase between $2 billion to $7 billion a year.

- WTO-like a Telephone Exchange

Another advantage of WTO membership steams form the fact that, in the absence of WTO, India would be required to enter into as many bilateral agreements on the country desires to have trade links. With the WTO membership, our country has the advantage of having trade links with all other member countries without the need for bilateral agreements. The role of WTO is like that of a telephone in this context.

- India’s Competitiveness

There are several areas in the Uruguay Round package that related to market access (factors). The more important ones are textiles and agriculture. India’s position in all these sectors is advantageous to her the provisions are favourable to the country.

- India’s IT sector

Exports from India’s IT sector have already reached $16 billion a year. They will grow exponentially over the next decade. Under WTO, India’s exports doubled in less than a decade, from $ 26.33 billion to $ 51.70 billion.

- Exports of Auto Components

Fifteen of the world’s major automobile manufacturers now obtain components from Indian firms. In 2003, exports of auto components were close to $ 1.5 billion. Estimates indicate they will reach $ 15 billion in six to seven years.

- India’s Pharmaceutical Industry

India’s pharmaceutical industry is also growing at 8 to 10 per cent a year.

- Foreign Investment

Nearly 21% of the world’s foreign investment is going to developing countries. Countries like the US are beginning to run huge trade deficits with the Asian Tigers. All this is changing global power equations.

- MNCs

Several Asian economies that began by inviting MNC investment have generated enough wealth to start their own MNCs. These Asian MNCs are giving western MNCs a run for their money in virtually every manufacturing area barring defence.

India competitive advantages lies in many fields i.e. textiles, information technology, forestry etc. Hence, it is logical to believe that India will obtain gains in these sectors.

After abolishment of MFA agreement in 2005, India's textile and clothing exports will increase.

Dispute settlement system will ensure security in international trade. After settlement of agricultural subsidies issue between developed and developing countries, agricultural export from India will increase.

India has capabilities to market access in many developed countries.

15. DISADVANTAGES OF WTO:

- WTO-Trap Laid by the Developed Countries

India and other developing countries have blindly waked into the trap laid by the developed countries. WTO, along with IMF and World Bank, represents the interests of developed countries. Infect, the Uruguay Round negotiations were motivated by the needs of the United States and Western Europe to discover new markets for their industries, especially in sectors like services and finances.

- India’s Exports will Increase-a Question

The claim that the world trade would increase substantially and that India’s exports will expand considerably is not acceptable to many. Flow of goods and services across the globe depends not much on trade restrictions, but on like infrastructure, political environment, technology, quality consciousness of producing countries. It may be observed that India is short to some extent in all these requisites. Removal of trade barriers will not guarantee expansion in world trade.

- Marginal Liberalisation in Labour Market

Under the Agreement on Trade in services, developing countries emphasized the need to relax the restrictions by many of the developed countries on movement of natural person. India in particular, has the advantage in movement of highly skilled professional and barriers to their movement should be done away with. But developed countries are not ready to fully liberalize the labour market.

- Impact of WTO on Pharmaceuticals and Dugs Industry

Patent regime, the critics are of the view, will affect the drug prices seriously. Currently, these prices are very low in India compare to other developing and developed countries. For example, the price of a product of Galaxo is 29 Rs. in India while in Pakistan the same product is sold in the market at Rs. 260. Under the new patent regime, it is feared that the prices of several drugs will go up by 5 to 10 times.

At present, only 30 % of the population can afford modern drugs and if the GATT agreement is accepted than only 10% of the population can afford modern drugs. Such a policy has dangerous implications for the health of our population.

In a country, which is plagued by mass poverty, it is essential that life saving drugs and other basic medicines should be available at affordable and low price.

- Impact of WTO on Textiles and Clothing

GATT agreements have made certain proposals to liberalize the trade of textiles and clothing. These proposals are very important for developing countries. Since textile exports constitute the single most important items of their exports.

India is quite competitive in textiles. But developed countries through various protections measures deny access to cost efficient textile products. These measures take in the form of anti-dumping duties, unilateral change in the rule of origin and unjustifiable foisting of environmental issues. All these measures are taken to protect domestic industry in developed countries and thus, these measures hamper free flow of India textile exports.

Developed countries have proposed ten long years to reduce quotas in their domestic textile industries, but pressures the developing countries to reduce their tariffs, remove quantitative restrictions, introduce Intellectual Property Rights (TPRs) etc. immediately. Obvious developed countries play an unfair game so far as textile agreements are concerned.

- Dual Policy

The generalized system of preference presently extended by developed countries towards only few selecting developing countries goes against the basic sprit of national treatment and most favoured nation (MFN) norms of the WTO agreements. Even Pakistan is not granting MFN status to India on a number of products.

Protection of intellectual property rights has a debate in India. TRIPs agreement is against the Indian Patents Act, 1970. Only process patents can be granted in food, chemicals and medicines under the Indian Patents Act 1970 but TRIPs agreement provides for granting product patents also. The duration of patents under TRIPs in 20 years other hand in Indian provision is only 7 years.

Prices of drugs may be increased due to product patents. This will hurt the common man.

In agriculture, intellectual property may be harmful to India. Presently plant breeding and seed production are in the public domain. Presently, government provided seed to farmers through National and State seed Corporations at low prices. But in future, Indian scientists must breed new varieties and Indian research institutions will be able to complete financially with MNCs.

Patenting has also been extended to a large area of micro-organisms.

Service sector like insurance, banking, telecommunications, and transportation is not developed in India compared to developed nations. Liberalisation of service sector may create pressure.

16. ROLE OF INDIA IN WTO:

In this section, I present a list of researchable issues, which deserve to be considered by the professional body of economists for research and analysis. It is unfortunate that the research base for policy-making in this country is rather very poor. This situation has arisen partly because the professional researchers and research institutions are often not aware of the researchable issues, which are of relevance to the policy-making world. Further, there is some sort of apathy on the part of the professional researchers to take up the policy-oriented issues for intensive intersections between the policy-makers and the researchers.

I would present an inventory of issues for research, in the form of questions and hypotheses that need to be analysed. They pertain to the domestic policy framework as also international policy initiatives. I should mention that this is only an illustrative list and many moral themes can be added to this.

1. Are the different member-countries of WTO implementing their Commitments in the different Agreements in a uniform manner? If There is an asymmetry in implementation of the commitments, what measures should India take to safeguard its national interests?

2. Even in the profile of commitments for implementation, the commitments for market-access are the most crucial ones. Is India opening up its markets to a greater extent than the extent to which the other markets are being opened for its export products? Would this asymmetry of market access opportunities create serious balance of payment problems for India in the short period?

3. What are the effects of liberalisation, globalisation and the rules of the new trading system on the agricultural sector? A detailed study of the profile of the domestic agricultural sector in the recent years is urgently required before the adverse effects on the agriculture sector reach a point of no return. What initiatives need to be taken to increase the structural strength of the domestic agricultural sector, including that of the agro-related activities?

4. Textile sector is one of the most significant sectors of the Indian economy fro the viewpoint of income generation, employment opportunities and foreign exchange earning. What are the challenges of the textile sector in the post-MFA scenario and what initiatives need

to be taken now to make the textile sector prepared for these new challenges?

5. Technology and knowledge-industry, including, in particular, information-technology sector, constitute the strategic sector for the Indian economy. What kind of strategic policy initiatives should India take to strengthen the domestic R&D activities and also to make the indigenous technology and knowledge-industries emerge as the most competitive sectors in the next five years?

6. What should be the changes in the Agreement on Trade Related Intellectual Property Rights, particularly in relation to the issues of patentable matter, bio-diversity preservation, production and promotion of community knowledge, copyright regime, particularly in the entertainment industry, etc?

7. What should be India's approach towards new issues, such as Multilateral Agreement on Investment (MAI), labour standards, child labour, trade-environment linkage and such other issues? What initiative India should take to evolve a synergy of the like-minded countries in the world?

8. In the coming years, the theme of dumping and anti-dumping measures would assume a place of great prominence. What are the sectors and products in which the threat of dumping is imminent and what kind of anti-dumping measures should India initiate to avoid the long-term adverse effects of duping on the domestic economic activities?

9. What are the consequences of liberalisation and globalisation in the fields of the banking and the insurance sectors on the domestic banking and insurance industries? How should the Government monitor and control the instabilities that may be generated by the external shock in this field?

10. What constitutes the level-playing field for the domestic economic agents? Is the Government taking proper steps to ensure a fair and equitable level-plying field for the domestic economic agents, vis-à-vis the foreign players?

11. What are the effects of the liberalisation of the consumer goods imports-a process, which would be completed by, March 2001-on the domestic consumer industry, balance of payments situation and export activities?

12. What should be the development paradigm, which is best, suited to the Indian economy, taking note of its historical framework of the mixed economy and coexistence of the market and the state? Can India adopt the model of 'Third Way' vigorously espoused in Europe and the U.S.A, even in the present context of globalised framework?

13. What initiatives need to be taken to improve structural strength of the Indian economy in terms of increasing its savings rate and investment rate, as also improving its export performance so as to enable it to realise a self-sustained high growth profile?

14. What are the weaknesses of the domestic banking sector and the financial system in general? It is now well documented that a weak financial sector is one of the factors responsible for the East Asian and the South East Asian crisis. What are the symptoms of the weaknesses of the Indian banking sector and the financial system so that these can be remedied in right time?

15. What are the burdens of the internal and external debts – both governmental and private – which deserve to be monitored and controlled in right time so that the debt burden would not adversely affect the competitive strength of the Indian economy?

16. Volatility of the capital markets and instability of exchange rates are extremely important phenomena, which deserve careful analysis. What kind of global financial architecture should be evolved so that these volatilities and instabilities can be controlled and capital markets and exchange markets are brought under a rule – based disciplined framework?

17. CONCLUSION:

The establishment of World Trade Organisation (WTO) is a trend towards globalisation of world economy. Generally, it is difficult to escape that those countries that have chosen to make trade a pillar of economic growth have, indeed, grown more strongly and become wealthier than those, which have chosen a reliance on domestic markets behind protective walls. The proponents of a favourable link have a tow-step argument: that trade promotes growth, and that growth reduces poverty. As illustrated by the work of several economists, the evidence for both these propositions as dominant tendencies is very strong in our post-second world war experience. It makes sense that stagnant economies cannot pull up masses of unemployed and under-employed poor into sustained, gainful employment and out of poverty. Yet, the basic equation seems to use to stand: trade does inspire growth and growth to a greater or lesser degree and given time, will combat poverty.

It has been observed that the losers from world trade and there are indeed numerous examples of states, where the often-repeated benefits of a global economy are clearly absent. However, to argue that this is a failure of the WTO is to aim at the wrong target. The WTO is about providing opportunities and access – it does not provide guarantees not does it provide al the conditions for participation in the global economy. In essence, it says to governments: here are a set of market opportunities that your local firms or individuals, if they are competitive, could benefit from; here also are the rules under which they will operate in foreign markets and under which others must be allowed to operate in our market.

It has to be recognised by both sides of the poverty debate that the mere provisions of this system cannot be a panacea for all economic ills. Many such problems are consequence of problems or handicaps in other areas. Let us name just a few of them: debt burdens, failed education, training and health systems; inadequate infrastructure; corrupt administration; inefficient customs management; smuggling; uncompetitive financial services and so on. The WTO cannot supply a response in most of these areas; though, working in cooperation with other agencies, it can certainly help to build capacity in some.

NOTES

[1] Uruguay Round (1993): 123 countries participated. It lasted from September 1986 to April 994, which transformed the General Agreement on Tariffs and Trade to the World Trade Organisation (WTO). It was launched in Punta del Este in Uruguay (hence the name), followed by negotiations in Montreal, Geneva, Brussels, Washington D.C., and Tokyo, with the 20 agreements finally being signed in Marrakesh is called the Marrakesh Agreement.

[2] Singh, B.N.P. and Singh, Muneshwar (2001): 'WTO: Antagonistic Attitude Towards the Promotion of India's Exports', in Jiwitesh Kumar Singh (ed), *International Trade and Business,* pp. 222-29.

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CHAPTER – 5
PRE - GLOBALISATION PERIOD OF INDIAN ECONOMY

> "Recall the face of the poorest and weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to control over his own life and destiny?"
>
> – M.K. Gandhi [*]

1. INTRODUCITON:

The significant period of reform in India was that of Prime Minister Rajiv Gandhi. The 1980s and early 1990s saw some continuation of previous policies and the rise of new ones. Employment generation and the reduction of poverty were intensified through special programmes on rural employment and integrated rural development. But alongside these, "liberalisation" was encouraged calling for a reduction in state controls and freeing of imports. Support was also provided by fiscal measures to stimulate demand for luxury goods among the middle and upper urban income groups. Liberalisation also aimed to accelerate growth. The combined strategies in this period saw a shift in emphasis from state to market forces.

Although economic reforms were introduced under Rajiv Gandhi regime, they did not yield the desired result. The balance of trade deficit, instead of narrowing down, increased. Whereas the average deficit in trade balance during the Sixth Plan (1980-85) was of the order of Rs. 5,930 crores, it jumped to Rs. 10,840 crores during the Seventh Plan (1985-90). There was also decline in the receipts on invisible account, from Rs. 19,070 crores during the Sixth Plan to Rs. 15,890 crores during the Seventh Plan, consequently, the country was faced with a serious

[*] Arya, P.P. and Tandon, B.B. (2003): 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publications Pvt. Ltd., New Delhi.

balance of payments crisis. Thus, India was forced to approach the World Bank and the IMF to provide a huge loan of the order of about $ 7 billion to bail India out of the crisis. While agreeing to provide assistance to India, the World Bank-IMF insisted that the Government must put its economy back on rails.

The Congress (I) Government, soon after resumption of office on June 21, 1991, adopted a number of stabilisation measures that were designed to restore internal and external confidence. Before we discuss the Indian economic condition of nineties, lets see the Indian economy of eighties.

2. PRE - GLOBALISATION PERIOD OF INIDAN ECONOMY:

Bellow, we have focused upon the economic growth rate, industrial growth rate, condition of foreign exchange reserve, position of balance of trade and balance of payment, foreign investment, unemployment and poverty during 1981-82 to 1990-91 or before ten years of globalisation period of Indian economy.

- Economic Growth of India during eighties:-

  It should be noted here that the average rate of gross domestic product during the first three decades of planning had remained at a level around 3.4 percent. It was static and stagnant growth rate, which was termed as a 'traditional growth rate' or 'Hindu Growth Rate' by economists like Prof. Raj Krishna. Following table shows the growth rate of gross domestic product (GDP) and average decadal growth rate of GDP during eighties.

  From the given table 5.1 it becomes clear that in 1981-82 GDP growth rate was 6.0%, which reduced and become just only 3.10% in 1982-83, which was the lowest GDP growth rate during this decade. Highest GDP growth rate can be seen in 1988-89, GDP growth rate during this year was 10.5%.

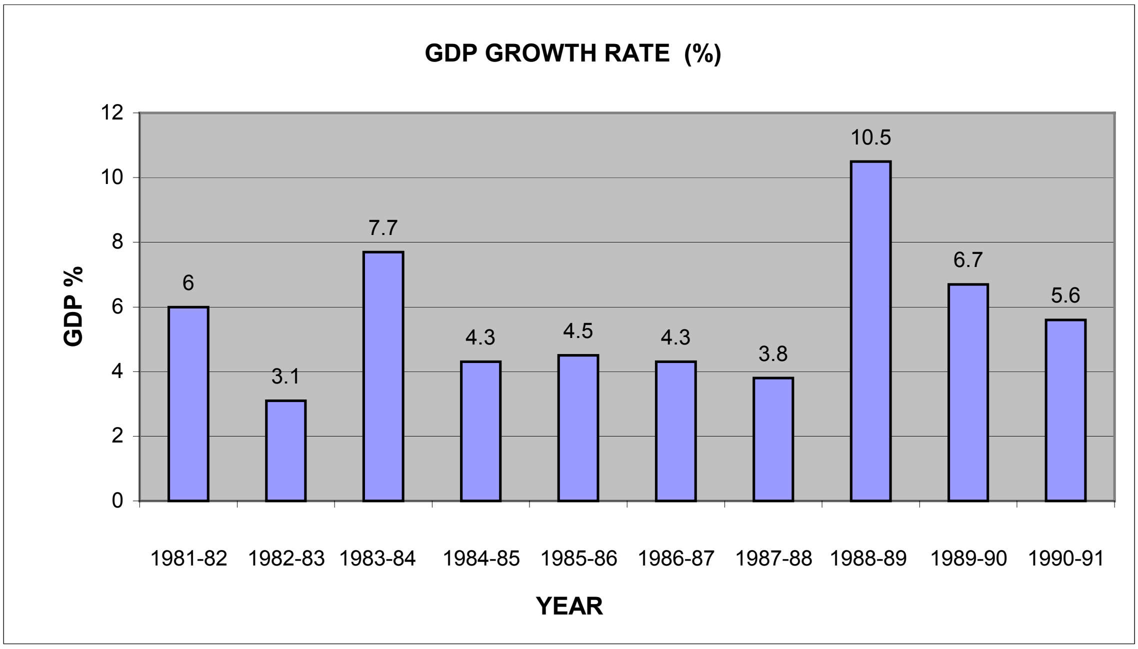
TABLE – 5.1

GDP Growth (at factor cost) at 1993-94 Prices

Year	GDP Growth Rate (%)
1981-82	6.0
1982-83	3.10
1983-84	7.7
1984-85	4.3
1985-86	4.5
1986-87	4.3
1987-88	3.8
1988-89	10.5
1989-90	6.7
1990-91	5.6
Annual Average GDP Growth Rate	5.6

Source: Arya, P.P. and Tandon, B.B. (2003): 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publication,

GRAPH – 5.1



After averaging about 3.6 per cent a year in GDP (gross domestic product) growth rate during the 30 years between 1950-51 and 1980-81 and less than 1 per cent a year in the half century before that. During the decade 1980-81 to 1990-91, the average GDP growth accelerated to 5.6 per cent.

- Agricultural Growth of India during eighties:-

Agriculture forms the backbone of the Indian economy and despite concerted industrialisation in the last five decades; agriculture occupies a place of pride. Being the largest industry in the country, agriculture provides employment to around 60 percent of the total work fore in the country. Figures provided by the Central Statistical Organisation reveal that between 1950-51 to 160-61, the share of agriculture in GDP has been in the range of 55 to 52 per cent, through it was declining, but as the process of industrialisation and economic growth gathered momentum, the share of agriculture indicated a sharp decline and reached a level of 22 per cent in 2003-04.

From the table 5.2 and graph 5.2 it becomes clear that growth rate of agricultural sector in eighties was fluctuated a lot. Agricultural growth rate was 5.6% in 1981-82 which became (negative) -5.4% in the next year, it was the lowest agricultural growth rate of eighties. In 1983-84 agricultural growth rate reached to 13.7 per cent. Highest agricultural growth rate we achieved during 1988-89, which was 21.4 percent.

On and average agricultural growth rate was 3.8 percent starting 1981-82 to 1990-91.

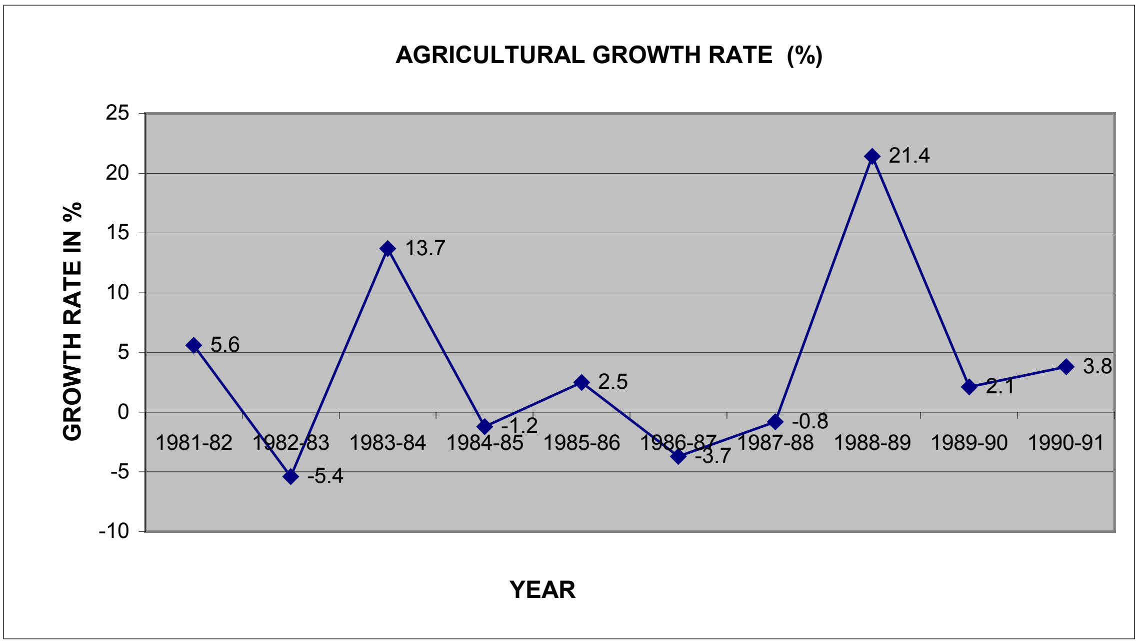
TABLE – 5.2

Growth Rate of Agricultural Production in India

Year	Agricultural Growth Rate (%)
1981-82	5.6
1982-83	-5.4
1983-84	13.7
1984-85	-1.2
1985-86	2.5
1986-87	-3.7
1987-88	-0.8
1988-89	21.4
1989-90	2.1
1990-91	3.8
Annual Average Agricultural Growth Rate	3.8

Source: Arya, P.P. and Tandon, B.B. (2003): 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publications, New Delhi.

GRAPH – 5.2



- Industrial Growth of India during eighties:-

Industrialisation has a major role to play in the economic development of the underdeveloped countries. The gap in per capita incomes between the developed and underdeveloped countries is largely reflected in the disparity in the structure of their economies; the former are largely industrial economies, while in the latter production is confined predominantly to agriculture. There is positive relationship between per capita income and the share of manufacturing output. In industry, the scope for internal as well as external economies is greater than in other sectors and certainly greater than in agriculture. As industrialisation proceeds, economies of scale and inter-industrial linkages become more pronounced. It also leads to the creation of economic surplus in the hands of industrial producers for further investment.

From the table 5.3 and graph 5.3 it becomes clear that industrial growth rate was almost stable during the eighties, except one year 1982-83. In 1981-82 industrial growth rate was 9.3 per cent, which decreased to 6.7 per cent in 1983-84. In 1984-85 industrial growth rate reached to 8.6 per cent. In 1986-87 once again we achieved higher industrial production 9.1 per cent.

On and average industrial growth rate was 7.0 percent starting 1981-82 to 1990-91.

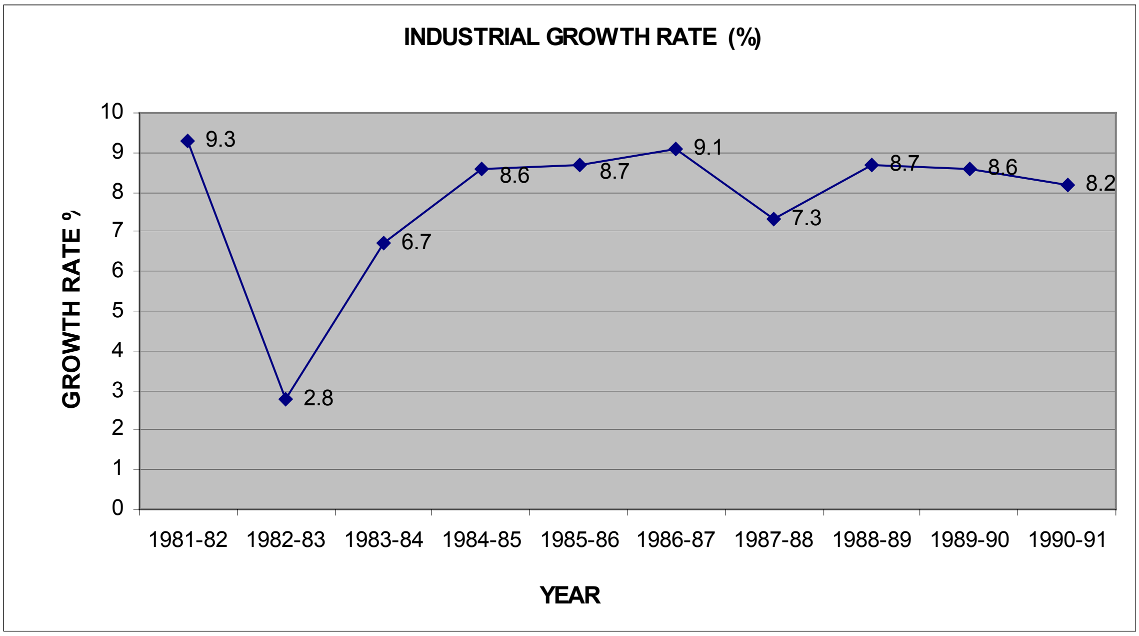
TABLE – 5.3

Industrial Growth Rate

Year	Industrial Growth Rate (%)
1981-82	9.3
1982-83	2.8
1983-84	6.7
1984-85	8.6
1985-86	8.7
1986-87	9.1
1987-88	7.3
1988-89	8.7
1989-90	8.6
1990-91	8.2
Annual Average Industrial Growth Rate	7.8

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): Indian Economy.

GRAPH – 5.3



* Foreign Exchange Reserves of India during eighties:-

At the time of India's Independence, India had large foreign exchange reserves in the form of sterling balances. India's plans led to huge adverse balance of payments. On the one side, there was considerable increase in imports, particularly of machinery and raw material. On the other, exports had not increased proportionately because of the increased demand within the country due to rapid rise in population, income and standard of living.

Between 1980-81 to 1990-91, the management or rather the mismanagement of the Indian economy by successive Governments responsible for a deep economic crisis, partly due to internal fiscal deficits and partly due to external balance of payments deficits. India's foreign exchange reserves declined from $ 7 billion in 1979-80 to just $ 750 million (Rs. 1,500 crores) in January 1991; the rate of exchange of the rupee at that time was $ 1 = Rs. 20 to Rs. 21. This was just equal to 2 weeks import requirements.

From the table 5.4 and graph 5.4, given below, it becomes clear that in 1981-82 foreign exchange reserves was only 4390 US $ million which increased to the level of 5834 US $ million in 1990-91.

On the contrary, foreign exchange reserves began to rise from the year 1991-92 and continued till this date.

TABLE – 5.4

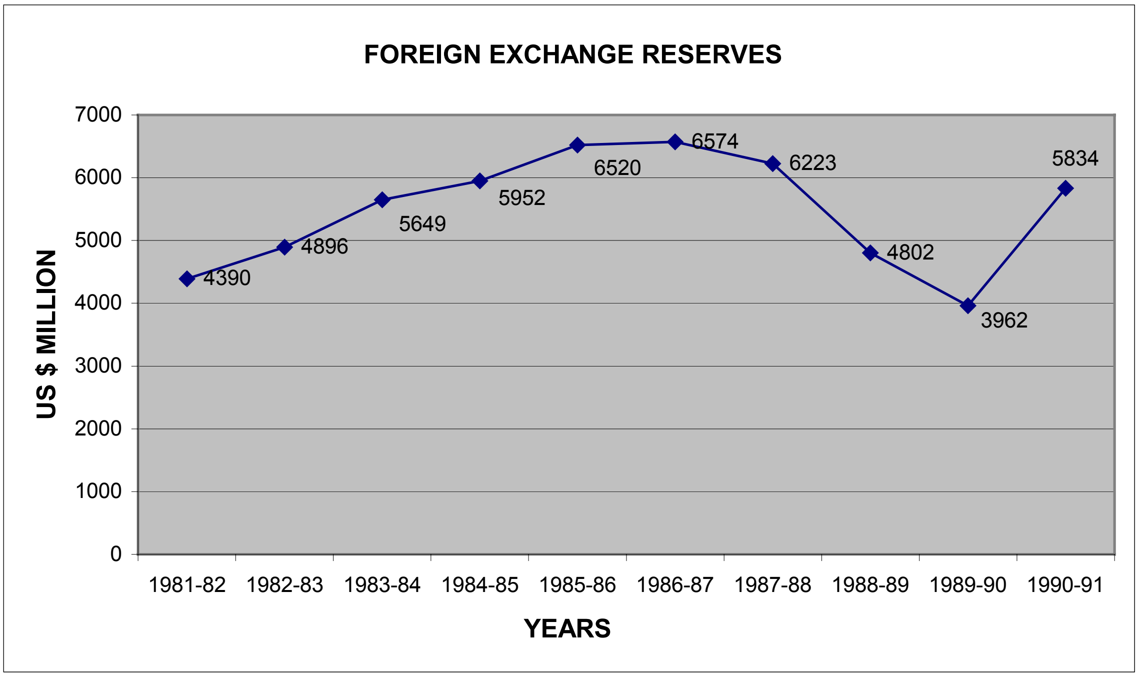
Foreign Exchange Reserves (Gold + SDR + Reserves)

(US $ MILLION)

Year	Foreign Exchange Reserves
1981-82	4390
1982-83	4896
1983-84	5649
1984-85	5952
1985-86	6520
1986-87	6574
1987-88	6223
1988-89	4802
1989-90	3962
1990-91	5834

Source: Gupta, K.R. (2002): 'Liberalisation and Globalisation of Indian Economy', Atlantic Publishers & Distributors, New Delhi.

GRAPH – 5.4



- Employment Growth Rate in India during eighties:-

The rate of growth of employment is definitely an indicator of development. The economic disorder in demand for and supply of manpower faced by the country has been extremely grave. During 1981-91, the country registered 2.1 per cent growth rate in population while the growth rate of labour force was 2.5 per cent per annum. The growth of employment in organized sector was 16.86 per cent indicating only 1.68 per cent per annum growth. Employment position in organized sector is shown in table 5.5 and graph 5.5, given below.

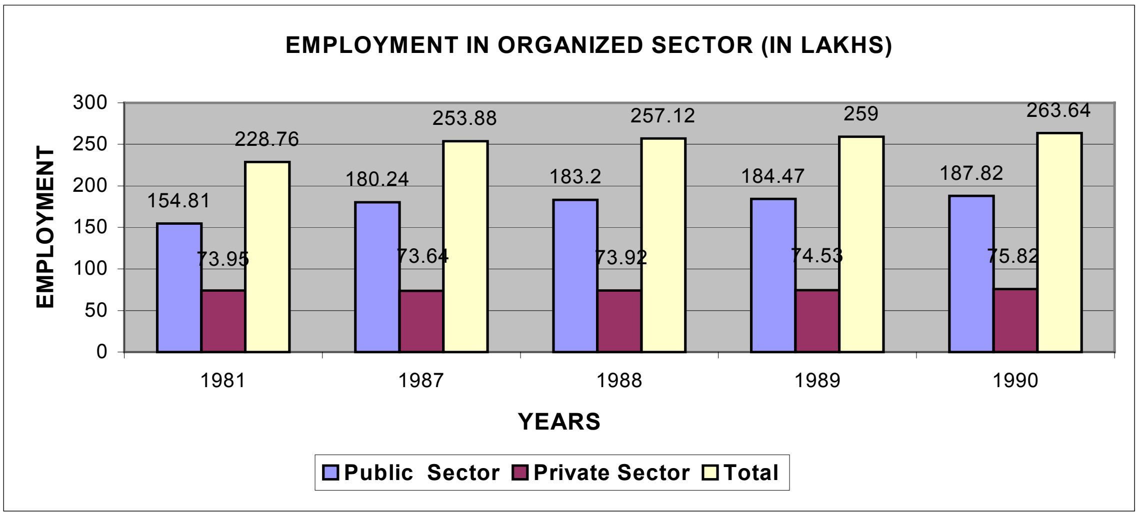
TABLE – 5.5

Employment in Organized Sector (in lakhs on 31-03-1998)

Year	Public Sector	Private Sector	Total
1981	154.81	73.95	228.76
1987	180.24	73.64	253.88
1988	183.20	73.92	257.12
1989	184.47	74.53	259.00
1990	187.82	75.82	263.64

Gupta, K.R. (2002): 'Liberalisation and Globalisation of Indian Economy', Atlantic Publishers & Distributors, New Delhi.

GRAPH – 5.5



If we look at the trend of increase in employment during 1981-90 periods, increase in employment in public sector was 23.1 per cent whereas in private sector it was only 3.8 per cent.

It is clear from the table 5.6 that the annual compound growth rate of urban employment in Indian economy was 2.99 per cent during 1980-90. The annual compound growth rate of rural employment was 3.13 per cent during 1980-90. The growth rate of employment in rural allied agricultural activities during the corresponding period was 5.62 per cent whereas in urban allied agricultural activities during the corresponding period was 2.93 per cent. The employment growth rate in urban non-agricultural activities was 2.88 per cent and a rural non-agricultural activity was 2.81 per cent.

TABLE – 5.6

Pre-Globalisation Employment Position in India (1980-90)

Activities	Urban	Rural
Agriculture and Allied	2.93	5.62
Non-agricultural	2.88	2.81
Economy as a whole	2.99	3.13

Arya, P.P. and Tandon, B.B. (2003): 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publications, New Delhi.

TABLE – 5.7

Growth Rate of Employment Annual Average (%)

Year	Total	Organised Sector	Unorganised Sector
1983	3,026.0	240.1	2,785.9
1990-91	3,567.6	270.6	3,297.0
Growth Rate			
1983 to 1990-91	2.39	1.73	2.41

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): Indian Economy

Table 5.7 reveals that total employment increased from 3,026 lakhs in 1983 to about 3,568 lakhs in 1990-91. The rate of growth of employment was of the order of 2.39 per cent per annum during 1983 and 1990-91, which was just equal to the rate of growth of labour force during this period. However, it was hoped that if this rate of growth of employment were sustained in the next decade, the country would be able to reduce the backlog of unemployment significantly. But unfortunately, the period of reforms reveals that the overall growth rate of employment was only of the order of 1.0 per cent.

- Globalisation and Price Level:-

On the eve of the introduction of the policy, inflation rate was double digit. In 1987-88, it was 13.4 percent. Though in 1988-89 and 1989-90 it was 5.6 percent and 8.3 percent respectively but again in 1990-91 it increased to 12.1 percent. The increase in price level was continued and reached at 13.6 percent in 1991-92. In September 1991, it was at a peak level of 16 percent.

Explanation in the fluctuations of the prices is given through table 5.8 and graph 5.8 below.

The price rises since the beginning of 1990 was almost engineered by the government itself: through deliberately raising administered prices and indirect taxes. The increase in the prices of foodgrains on mere political considerations and the gulf-surcharge which raised the prices of petroleum products to an unprecedented level in one single jump were the other factors behind the rise in prices during the 1990's. Prices rose rapidly during 1990-91 and 1991-92 and the average annual rates of inflation were 12.1 per cent and 13.6 per cent respectively.

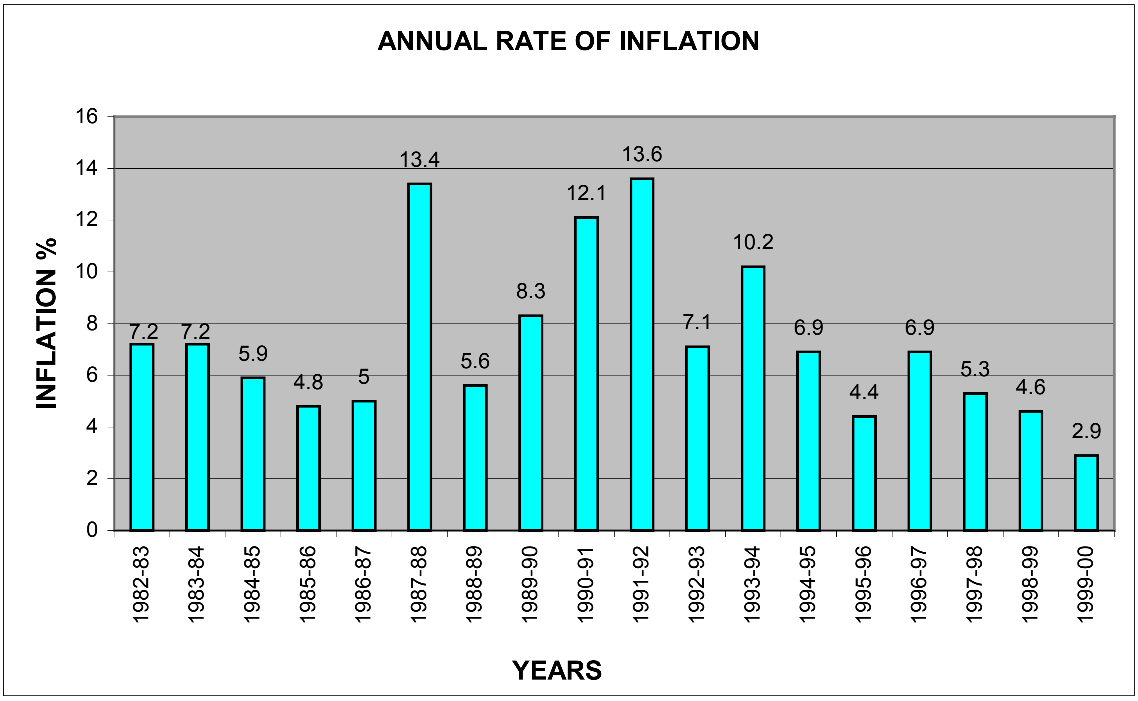
TABLE – 5.8

Wholesale Price Index (End of Year, Point to time 1981-82=100)

Year	WPI	Annual Rate of Inflation	Year	WPI	Annual Rate of Inflation
			1990-91	191.8	12.1
1981-82	100.0	-	1991-92	217.8	13.6
1982-83	107.2	7.2	1992-93	233.1	7.1
1983-84	114.9	7.2	1993-94	256.9	10.2
1984-85	121.8	5.9	1994-95	274.8	6.9
1985-86	127.7	4.8	1995-96	299.5	4.4
1986-87	134.2	5.0	1996-97	320.1	6.9
1987-88	148.5	13.4	1997-98	337.1	5.3
1988-89	156.9	5.6	1998-99	353.9	4.6
1989-90	171.1	8.3	1999-00	364.2	2.9

Source: Gupta, K. R. (2002), 'Liberalisation and Globalisation of Indian Economy'.

GRAPH – 5.8



The inflation rate was controlled since then because of a better performance by agricultural sector as also because of the macro-economic corrections adopted by the Narasimha Rao Congress Government, including reduction in the fiscal deficit and the resultant control in the expansion of money supply.

The country experienced a continuous though fluctuating but a gradual declining annual rate of inflation based on the movement of wholesale prices from 10.2 percent from the beginning of the financial year 1994-95 to 209 percent in 1999-2000. It indicates that inflation rate is moderate and is a good response to the operation of New Economic Reforms.

- Foreign Trade of India during eighties:-

Although policies of liberalisation in foreign trade were initiated in 1985-86 but their impact though felt during the period 1986-87 to 1990-91 was slow and after 1991 the new economic reforms went in for a more rapid globalisation of the Indian economy by reducing and/or abolishing quantitative restrictions and also reducing tariff barriers which hindered trade. The main implications of reform measures were intended to boost exports as well as so as to facilitate developmental imports or such imports, which were vital for increasing industrial production, may be of some raw materials. It would, therefore, be appropriate to compare trend of foreign trade in the pre-reform periods i.e. 1980-81 to 1990-91 (described as the eighties) and the period 1991-92 to 2003-04 (described as the nineties) or the post-reform period.

The Reserve Bank of India has revised the data of India's balance of payments in dollar terms recently. It would, therefore, be appropriate to review the position of foreign trade on the basis of this update information as given in the Handbook of Statistics on the Indian Economy (2002-03).

Table 5.9 presents a picture of the India's foreign trade in the eighties. The decade has been divided into two sub-periods. During the first five years (1981-82 to 1985-86), India achieved a growth rate of 2.3 per cent in exports, but in imports, the growth rate was barely 1.0 per cent. India followed a restrictive import policy during this period. Consequently, as against the average annual exports of $ 9,514 million, average annual imports were of the order of $ 16, 404 million. As a result, average trade deficit was $ 6,890 million. Since net invisibles were positive, the surplus from this head on the average was $ 3,474 million. Thus, surplus from invisibles was able to neutralize the trade deficit by 50.4 per cent. Consequently balance of payment deficit on current account could be restricted to $ 3,416 million. During this period, exports as a percentage of imports were only 58 per cent and thus, the situation was highly unsatisfactory.

During the second half i.e. 1986-87 to 1990-91, as a result of the policy of export promotion, exports increased from $ 10, 413 million in 1986-87 to $ 18,477 million in 1990-91 and recorded an average growth rate of 14.3 per cent. But during the same period, imports also increased from $ 17,729 million to $ 27,914 million recording a growth rate of 10 per cent. But since the initial level of imports was much higher, the average annual imports during the period was of the order of $ 22,697 million as against the average exports of $ 14,549 million and as a result, average annual trade deficit was of the order of $ 8,148 million which was more than double the level of trade deficit during the previous five years. A very distressing aspect of this period is the continuous decline witnessed in net invisibles and as a consequences, the average annual earnings from net invisibles slumped to $ 1,362 million which helped to neutralize the trade deficit by only 16.7 per cent. Thus, current account balance becomes adverse to the tune of $ 6,786 million per year. Exports as a percentage of imports averaged 64.1 per cent. This implies that the situation improved as compared with the previous five years, through even this was not satisfactory.

TABLE – 5.9

India's Exports, Imports, Trade Balance and Balance of Payments

(Pre-Reform period – 1980-81 to 1990-91)

Year	Exports	Imports	Trade Balance	Net Invisibles	Balance of Payments as current account	1 as % of 2	US $ million 4 as % of 3
1980-81	8,445	16,314	-7,869	5,065	-2,804	51.8	64.3
1981-82	8,697	15,970	-7,273	4,094	-3,179	54.5	56.2
1982-83	9,490	16,468	-6,979	3,572	-3,407	57.6	51.2
1983-84	9,861	16,575	-6,715	3,499	-3,216	59.5	52.1
1984-85	10,061	15,715	-5,654	3,238	-2,416	64.0	57.2
1985-86	9,461	17,294	-7,834	2,967	-4,867	54.7	37.9
Annual Average	9,514	16,404	-6890	3,474	-3,416	58.0	50.4
Annual Growth Rate	2.3	1.0					
1986-87	10,413	17,729	-7,316	2,756	-4,560	58.7	37.7
1987-88	12,644	19,812	-7,168	2,316	-4,852	63.8	32.3
1988-89	14,257	23,618	-9,361	1,364	-7,997	60.3	14.6
1989-90	16,955	24,411	-7,456	615	-6,841	69.4	8.2
1990-91	18,477	27,914	-9,437	-243	-9,680	66.2	-2.6
Annual Average	14,549	22,697	-8,148	1,362	-6,786	64.1	16.7
Average Growth Rate	14.3	10.0					

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): Indian Economy, pp.258.

- Poverty in India during eighties:-

During the last 50 years various countries of the world have made laudable attempts to eradicate poverty. The developing countries, though, have become successful in making improvements in human development indicators viz. bringing down the infant mortality rate to half, malnutrition to one-third, 25 percent increase in admission of children to school since 1960, still a large chunk of the world population is imprisoned in the condition of low income and suffocating life. Obviously India is no exception to such a situation. Removal of poverty and provision of other basic needs have been given due importance in all the five year plans and specific programmes for the target groups have also been initiated. But in spite of plethora of programmes, the dream of poverty alleviation could not be translated into the reality and it still remains a mirage.

At the 41st Annual Conference of the Indian Society of Labour Economics, Dr. S.P. Gupta, former member, Planning Commission delivering V. B. Singh Memorial Lecture on November 18. 1999 captioned 'Trickledown Theory Revisited: The Role of Employment and Poverty' surveyed the progress that has taken place in the era of economic reforms after 1991 and the period preceding the reforms. Dr. Gupta brought out the disquieting fact: "In India, the poverty reduction (i.e. reduction of the percentage of people below the poverty line) over 1983 to 1990-91 was around 3.1 per cent per annum, but it reversed to 1 per cent in the 1990s i.e., between 1990-91 and 1997. In contrast to this, the GDP growth in India between 1983 to 1990-91 was around 5.6 per cent, and between 1990-91 and 1997, this is expected to go beyond 5.7 per cent."

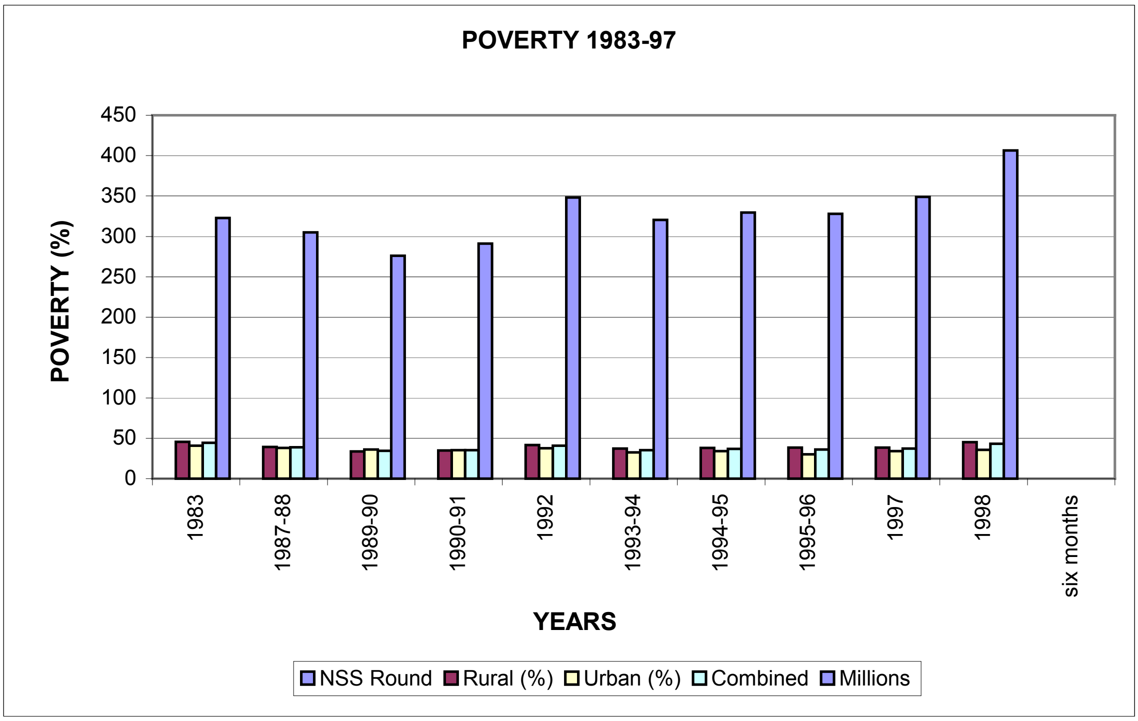
TABLE – 5.10

Percentage of People Below Poverty Line 1983-1997

Year	NSS Round	Rural (%)	Urban (%)	Combined	Millions
1983	38th LS	45.65	40.79	44.48	322.8
1987-88	43rd LS	39.09	38.20	38.86	304.9
1989-90	45th TS	33.70	36.00	34.28	276.0
1990-91	46th TS	35.04	35.29	35.11	291.0
1992	48th TS	41.70	37.80	40.70	348.0
1993-94	50th LS	37.27	32.36	35.07	320.5
1994-95	51st TS	38.03	34.24	36.98	329.5
1995-96	52nd TS	38.29	30.05	36.08	328.0
1997	53rd TS	38.46	33.97	37.23	348.8
1998 six months	59th TS	45.25	35.48	43.01	406.3

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): Indian Economy, pp.250.

GRAPH – 5.10



Dr. Gupta has underlined the pro-elitist bias of economic reforms when the states: “The inverse relationship observed between poverty reduction and GDP growth becomes even more prominent if one obtains the trends over the recent years. For example, between 1993-94 and 1997, the estimates of poverty reduction went down when poverty percentage (i.e. people below poverty line) increased from 35.07 per cent to 37.23 per cent in the aggregate. This is the period when GDP growth rate increased to around 6.9 per cent annum, the highest ever, witnessed consecutively for four years in India.”

From the data given in above table 5.10 shows that percentage of people below the poverty line declined from 44.48 per cent of total population in 1983 to 35.11 per cent in 1990-91 and the absolute number of persons below the poverty line sharply declined from about 323 million in 1983 to 291 million in 1990-91, but, thereafter, during the 7-year period since 1990-91 until 1997, the proportion of people below the poverty line went up from 35.1 per cent to 37.23 per cent. In absolute terms, the number of the poor went up from 291 million in 1990-91 to 349 million in 1997.

- Foreign Investment of India during eighties:-

The 1980s and 1990s have seen considerable changes in the level and composition of DFI in the economies of South Asian region. In the late 1980s and during 1990s DFI flows have grown rapidly in all the countries with plenty of fluctuations.

Due to progressive liberalisation of DFI policies, thee countries have improved their share in total DFI flows going to developing countries from 1.46 per cent in 1990 to 2.97 per cent in 1997. However, much of the increase in the inflows to the region has been accounted for by India. India has received steadily after the policy reforms in 1991, though has experienced a declining trend in 1998 and 1999.

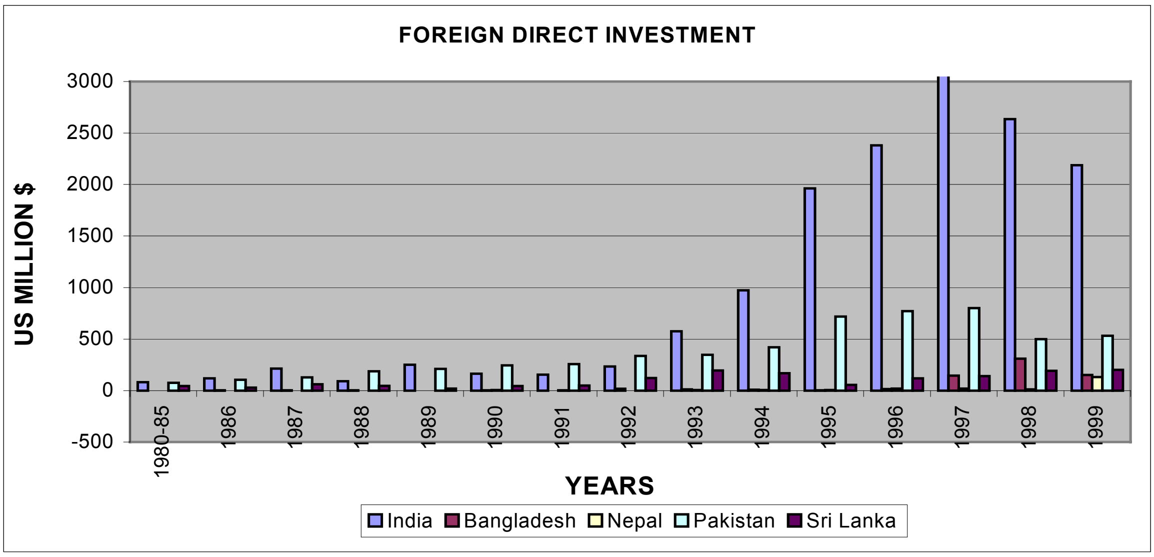
TABLE – 5.11

Foreign Direct Investment Inflows in South Asian Countries (Million US $)

Years	India	Bangladesh	Nepal	Pakistan	Sri Lanka
1980-85	82	-0.1	0.2	75	42
1986	118	2	1	105	30
1987	212	3	1	129	60
1988	91	2	1	186	46
1989	252	-	-	210	20
1990	162	3	6	244	43
1991	155	1	2	257	48
1992	233	18	1	335	123
1993	574	10	4	347	195
1994	973	8	6	419	168
1995	1964	2	5	719	56
1996	2382	14	19	770	120
1997	3284	145	20	800	140
1998	2635	308	12	500	193
1999	2188	152	132	531	202

Source: Arya, P.P. and Tandon, B.B. (2003): 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publications Pvt. Ltd., New Delhi, pp.131.

GRAPH – 5.11



Pakistan is another significant host of DFI in the region with US $ 800 million of inflows in 1997. Sri Lanka had steadily improved her attractiveness for DFI inflows. Bangladesh received very modest DFI inflows until 1996.

No doubt, there is an improvement in the FDI receipts, but when compared to China, it is only the one-tenth of the receipts of china. Srivastava (2002) termed India as an “underachiever” in securing FDI.

China opened up to FDI in 1980, while India did the same in 1990. Both India and china are large countries with population of more than one billion each, but china is ahead of India in terms of FDI attractiveness. China’s FDI comes from countries like Taiwan, Macao, Singapore, and Hong-Kong.

India is lagging behind to attract FDI due to couple of reasons such as lack of infrastructural facilities, corruption, slowness in bureaucratic decision making, poor consumer purchasing power, slow economic growth rate, the degree of openness of the market, existence of innumerable rules, regulations, procedures and interpretations, which damped the spirit of foreign investors.

3. CONCLUSION:

From the above discussion the picture of Indian economy, during the pre-globalisation period, becomes clear. Next chapter discusses the post-globalisation period of Indian economy and compares pre-globalisation period with the post-globalisation period.

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CHAPTER – 6

POST - GLOBALISATION PERIOD OF INDIAN ECONOMY

> "India will only truly shine when it shines for one and all."
>
> – Dr. A.P.J. Abdul Kalam*

1. INTRODUCITON:

India's economic development was based on the myth that public investment in government owned enterprises will generate the surplus huge enough that on equitable distribution will make India a rich country. But reality is that economic development theories were based on false foundation. By practising these theories no country in the world have ever became rich or prosperous. The dream of socialistic pattern was a Utopian. The programmes to solve basic problem of poverty eradication has been carried over decades but its significance and magnitude has not changed. The exploitation of poor continued but only exploiters have changed. The theories have advocated that higher rate of saving would result in higher investment or capital formation which eventually lead to higher employment and produce the goods and services to satisfy the demand of millions of Indians. Theories have miserably failed and therefore Indian dreams too shattered. Like a dreamer they have planned economic growth in unconscientious state. Government sponsored investment could generate corruption and corrupt educated but it does not produce development. In reality economic development is not generated in government offices or on papers but in factories.

There has been a sudden change in India's economic policy management. The new gamut of terms came into Indian economy. The structural adjustment, economic reforms, restoring the internal and external balance, opening of economy, removal of barrier, integrating economy with the world markets, financial reforms, devaluation, demand

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* Datt Ruddar and Sundharam K.P.M.(2006), "Indian Economy", pp. 236.

management etc. which were inexistent in India's official documents which were hitherto occupied by "self-reliance, poverty eradication, balanced growth, import substitution, PSUs as commanding heights of economy, engine of growth, etc. Though this appears to be critical view but that was a reality of policy management philosophy in India. The concern for private investment was obvious. The need for integrating Indian economy with global markets was also articulated in Indian polity.

The reality of period from July 1991 to December 1994 was that economic reforms were at work in India. Never before Dr. Manamohan Singh, any of the Finance Minister of India, was a focus of attention. The economic theories of new generation were subjected to application and test in India. The transition from "socialistic pattern society" to market economy" and integrating Indian economy with the global market was practised at through "economic reforms".

It is often claimed that India has completed the first phase or "first generation" of economic reforms and is now going to enter "second generation reforms" in a big way. The "full benefits" of the reforms, it is argued, would be accrued only after the implementations of "second generation" reforms. Not going into the so-called classification of the reforms into generations we shall concentrate on the achievements and failures of these reforms and implications for Indian economy and Indian people. Economists do not have any agreement on the desirability and implications of the reforms. They are divided between pro- and anti-reforms. But one thing is very clear that the Indian economic crisis of the late 1980s was the consequence of partial liberalisation of the early eighties. And the treatment suggested, adopted and implemented was complete LPG. As already more than a decade has gone since the adoption of LPG it would be appropriate to evaluate it.

2. AN ASSESSMENT OF GLOBALISATION ON INIDAN ECONOMY:

Nothing is an unmixed blessing. Globalisation is also neither good nor bad: it offers both opportunities and risks. This means that we must seize the opportunities and, at the same time, limit the risks. The world needs more not less globalisation, but it must be a better globalisation. Let us evaluate the performance of Indian economy during the pre & post globalisation period.

- Globalisation and GDP Growth:-

There is no doubt that globalisation has been able to promote a relatively higher growth. After the teething troubles of the first two years viz., 1991-92 and 1992-93, the growth rate during 1993-94 to 1997-98 has averaged to more than 7 per cent per annum (Refer the table given below).

After 1991-92, the momentum of growth has been maintained providing increasing evidence that the growth potential has improved as a result of the reforms initiated in 1991. The growth rate during the Eighth Plan (1992-97) period works out to be 6.8 per cent. There is no doubt that after 1992-93 the economy picked up and the growth rate reached an average level of 7 per cent during the 4-year period (1994-95 to 1997-98).

Recently, CSO estimated that, the Indian economy will grow 9.2% in the current year, and the manufacturing sector will grow at 11.3% this year. India's growth rate could even outpace China's and if you measure things by purchasing power parity, India should soon overtake Japan and become the third biggest economy, behind only USA and China.[1] Today, Indian economy is the second fastest economy in the world, next to china.

[1] The Economic Times, February 8, 2007.

TABLE – 6.1

GDP Growth (at factor cost) at 1993-94 Prices

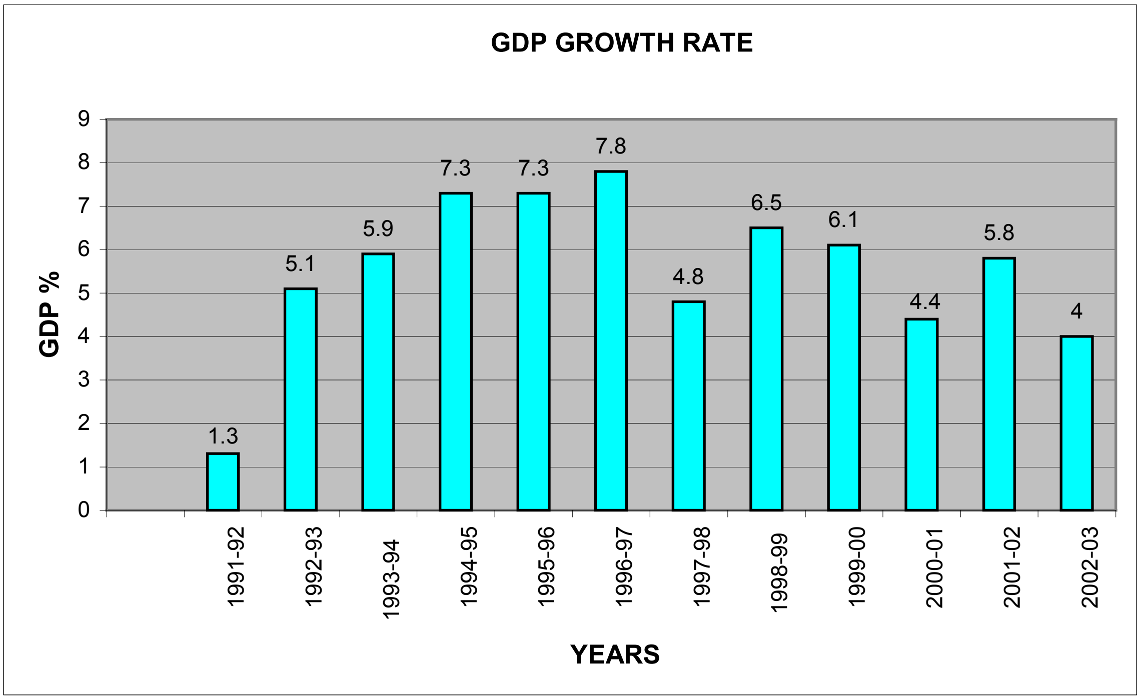
Year	GDP Growth Rate
1991-92	1.3
1992-93	5.1
1993-94	5.9
1994-95	7.3
1995-96	7.3
1996-97	7.8
1997-98	4.8
1998-99	6.5
1999-00	6.1
2000-01	4.4
2001-02	5.8
2002-03	4.0
Annual Average GDP Growth Rate	
1980-81 to 1990-91	5.6
1990-91 to 2002-03	5.5

Source: Datt, Ruddar and Sundharam, K.P.M. (2006), 'Indian Economy'.

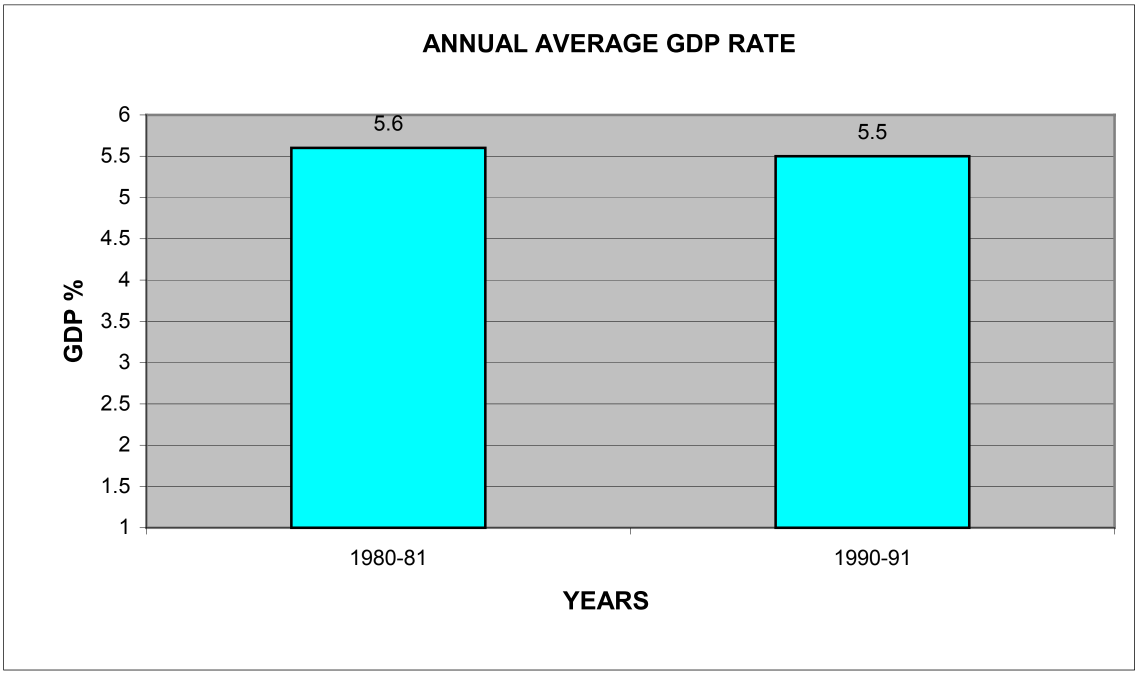
If we compare the annual average growth rate during the pre-reform period (1980-81 to 1990-91), which was of the order of 5.6 per cent per annum, then the post-reform decade (1990-91 to 2000-01) also shows the same average annual growth rate of 5.6 per cent of real GDP.

Obviously, the globalisation has not been able to establish its distinct superiority during post-globalisation period (1990-91 to 2000-01). It also becomes clear from the table and graph given below

GRAPH – 6.1.1



GRAPH – 6.1.2



- Globalisation and Agricultural Sector:-

A major criticism of the process of economic reforms is the neglect of agriculture. Data reveal that foodgrains production increased from 129.6 million tonnes in 1980-81 to 176.4 million tonnes in 1990-91 resulting in annual compound rate of 3.1 percent. But during the 13-year period of economic reforms, foodgrains production increased from 176.4 million tonnes in 2003-04, indicating an annual average growth rate of 1.4 percent, which was lower than the growth rate of population. Complacency on the foodgrains front can certainly cost the nation very dearly in the coming decade.

Various reasons have been assigned for this situation. Firstly, the reform process has emphasised the growth of manufacturing and service sectors and thus neglected agriculture, secondly, as per the data provided in the Economic Survey (2004-05) gross capital formation in agriculture indicated that public sector investment (at 1993-94 prices), indicated decline from Rs. 4,967 crores in 1994-95 to Rs. 4,359 crores in 2002-03, a fall by 12.3 percent. This big drop in public investment in agriculture, including rural development and irrigation adversely affected foodgrains production. Thirdly, NABARD accumulated Rs. 13,500 crores under its Rural Infrastructure and Development Fund, but was able to utilise it to extent of only 30 per cent- a very dismal performance. This lack of development of irrigation infrastructure by withdrawing public sector investment with the hope that the private sector investment will expand irrigation did not materialise. This was specially the case in backward states like Bihar, Madhya Pradesh and Orissa, which indicates very poor growth rates in foodgrains production – even lower than the national average. Last but not the least, whereas the green revolution states like Punjab, Haryana, Utter Pradesh have reached a plateau, the country could not trigger higher yields in backward states, Dr. G.R. Singh (1997) in their study have pointed out “a sharp pick-up in agricultural growth experienced by the Eastern Region has been facilitated by a remarkable increase in area under irrigation triggered by a substantial private investment in pump sets and tube wells".

According to Economic Survey (1999-2000), "The decline in public investment in agriculture is mainly due to the diversion of resources into current expenditure in the form of subsidies for food, fertilizers, electricity, irrigation, credit and other agricultural inputs rather than on creation of assets.''

TABLE – 6.2

Growth Rates of Agricultural Production in India

Agricultural Production	Pre-Reform Period 1990-91 over 1980-81	Post-Reform Period 2000-01 over 1990-91
1. Foodgrains	3.1	1.66
(a) Rice	3.3	1.79
(b) Wheat	4.3	3.04
(c) Coarse Cereals	1.2	0.06
(d) Pulses	3.0	-0.58
2. Oil Seeds	7.1	0.66
3. Sugarcane	4.6	2.62
4. Cotton	3.4	0.92
5. Jute & Mesta	1.2	0.7
Index of Agricultural Production	3.8	1.73

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): 'Indian Economy'.

If we study the implementation of the Water-Seed- Fertilizer technology (popularly known as the Green Revolution), then during the decade 1970-71 to 1980-81, irrigated area indicated an annual average growth rate of 3.6 percent, which declined to 2.7 percent during the decade 1980-81 to 1990-91 and further to merely 1.9 percent during 1990-91 to 1997-98. Since irrigation is the basic input, which helps the fuller utilisation other inputs – seeds and fertilizers, we also observe declining growth rates in the irrigated area under rice and wheat from seventies to eighties and nineties. In case of pulses, irrigated area growth experienced a negative growth rate of the order of 1.5 percent per annum. A similar trend was observed in the case of extension of area under HYN in case of paddy and rice. Fertilizer consumption indicated a sharp decline form 8.5 percent during the nineties.

In this connection, it is relevant to consider the trend in major and minor irrigation. Major irrigation acts as supplement to minor irrigation in keeping the water table high, while minor irrigation provided water-security to the peasant in case of failure of rains. The slowing down of the growth rate of irrigated area under minor irrigation form 3.5 percent during eighties to 2.3 percent during nineties is another contributing factor to slow down the overall agricultural growth. Economic reforms did not pay adequate attention to expansion of irrigation and this is a major sin responsible for low growth of agricultural production and productivity during the nineties.

Although the reform process has neglected agriculture and as a result, growth rate of agricultural production which was 3.8 percent during the eighties, came down to 1.73 percent during the nineties, the population dependent on agriculture has not indicated any decline.

The upshot of the entire analysis is that the major sin of economic reforms is gross neglect of agriculture – the mainstay of livelihood of over two – third of the population. Although the Ninth Plan fixed a target of 4.5 per cent of annual growth in agriculture, but actual achievement of GDP growth in agriculture during 1997 – 2002 was of the order of 2.0 per cent per annum – that is, 44 percent of the target. This is more so in view of the fact that though India had seven good monsoon years in succession, agricultural growth, production indicated year – to – year fluctuations. This casts a shadow on sustainability of agricultural growth, unless there is a reorientation of priorities with much greater emphasis on agriculture and rural industrialisation. The state, instead of withdrawing form investment in agriculture, irrigation and rural infrastructure, has to strengthen public sector investment in these areas.

- Globalisation and Industrial Growth:-

Economic Reforms were mainly intended to remove the bottlenecks, which acted as obstacles in industrial production. To pursue this goal, industrial licensing was abolished in all but 18 industries. Later the government delicensed several others. During 1998-99, three industries viz., (I) Coal and Lignite, (II) Petroleum (other than crude and its distillation products), and (III) Sugar were delicensed. Accordingly, there are only six industries now under compulsory licensing. Two industries, viz., Coal and lignite were taken out form the list of industries reserved for public sector. At present, there are only four industries reserved for the public sector.

Below table and graph reveal that, where as the eighties (1981-82 to 1990-91), general index of industrial production recorded an annual average growth rate of 7.8 per cent, growth rate of IIP slowed down to 7.2 per cent during the nineties (1993-94 to 2000-01). In manufacturing, it declined from 7.6 percent in the ‘80s to 6.9 percent in the ‘90s, and in electricity it declined from 9 percent to 5.7 percent and in mining & quarrying it slumped from 8.3 percent to just 3.8 percent. Thus, the expectations that growth of IIP would be stimulated did not materialize.

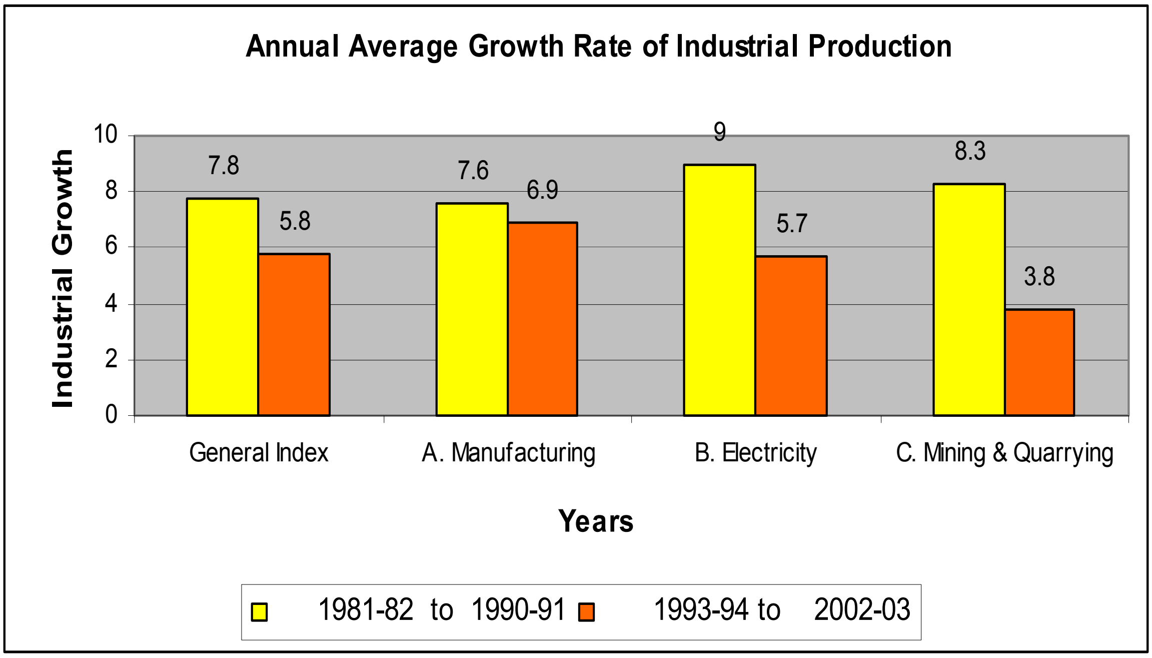
TABLE – 6.3

Annual Average Growth Rate of Industrial Production

Sector	1981-82 to 1990-91	1993-94 to 2002-03
General Index	7.8	5.8
A. Manufacturing	7.6	6.9
B. Electricity	9.0	5.7
C. Mining & Quarrying	8.3	3.8

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): 'Indian Economy'.

GRAPH – 6.3



Following table provides growth rates of industrial production on the basis of use-based classification.

TABLE – 6.4

Annual Average Growth Rate of Industrial Production

Sector	1981-82 to 1990-91	1993 – 94 to 2002 – 03
A. Basic	7.0%	5.4%
b. Capital goods	11.5%	6.6%
c. Intermediate Goods	5.9%	7.2%
d. Consumer Goods	6.7%	7.2%
(i) Durables	13.9%	10.1%
(ii) Non durables	5.5%	6.5%
General Index	7.8%	5.8%

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): 'Indian Economy'.

The data reveals that but for intermediate goods, which recorded a slightly higher growth rate of 7.6 percent in the nineties as compared to 5.9 percent in the eighties, in all the other sectors, growth rates recorded in the eighties were higher than those in the nineties. In the capital goods sector, growth rate dipped to 6.1 percent in the nineties as against a robust growth rate of 11.5 percent in the eighties.

Even in consumer durables, a decline in annual average growth rate was observed in the nineties (10.1 percent) as against a much higher growth rate of about 13.9 percent in the eighties.

From the index of growth rates of industrial production, it becomes evident that the performance of the industrial production during 1993-94 to 2002–03, which is generally identified as a period of wide- ranging reforms in the industrial sector, was not up to the mark. It failed even to equal the performance observed in the eighties, not to speak of improving the performance as a consequence of the reform process in the nineties. The failure of the basic goods and capital goods sector really put a question mark on the success of the success of the reform process.

- Globalisation and Service Sector:-

Recent emergence of India, as one of the fastest growing economies in the world is due to very high growth rate achieved in output of service sector and exports of services. During 1990's, Indian service sector output and export of services have grown at an average annual growth rate of 9 per cent and 17 per cent respectively.

In the beginning of the 21-centurey the global economy shows significant structural changes with a swing of services sector's contribution. In the process of economic development, the high growth of services sector is phenomenal in recent decades rather than simultaneous growth of primary, secondary and tertiary sectors. This is directly due to the development of sophistication in the information technology. Since 1980s the share of services sector in the real GDP in India has also surpassed that of agriculture and industry. It is also reflected in the state-level developmental growth. No doubt, the dynamics of the services sector infuses new growth impulses stimulating investment, income, consumption and employment. But there seems to be some conflict between the growth of employment and growth of output in the Indian context.

The technological advancements and globalisation have created immense scope for trade in services. The growth of trade in services is expected to lead to the following benefits:

1. Economic performance:

    Presence of an efficient services infrastructure is a precondition for economic success. Services such as telecommunications, banking, insurance and transport, supply strategically important inputs for all sectors, both in good and services.

2. Development:

    Access to world-class services helps exporters and producers in developing countries to capitalize on their competitive strength.

3. Employment opportunities:

    Growth in trade in services promotes employment within the country and growth in opportunities for professional overseas.

4. Consumer choice:

    There is strong evidence in many services, e.g. Telecom that liberalisation leads to lower prices, better quality and wider choice for consumers.

5. Technology Transfer:

    Services liberalisation encourages, foreign direct investment (FDI). Such FDI generally brings with it new skills and technologies that spill over into the wider economy in various ways.

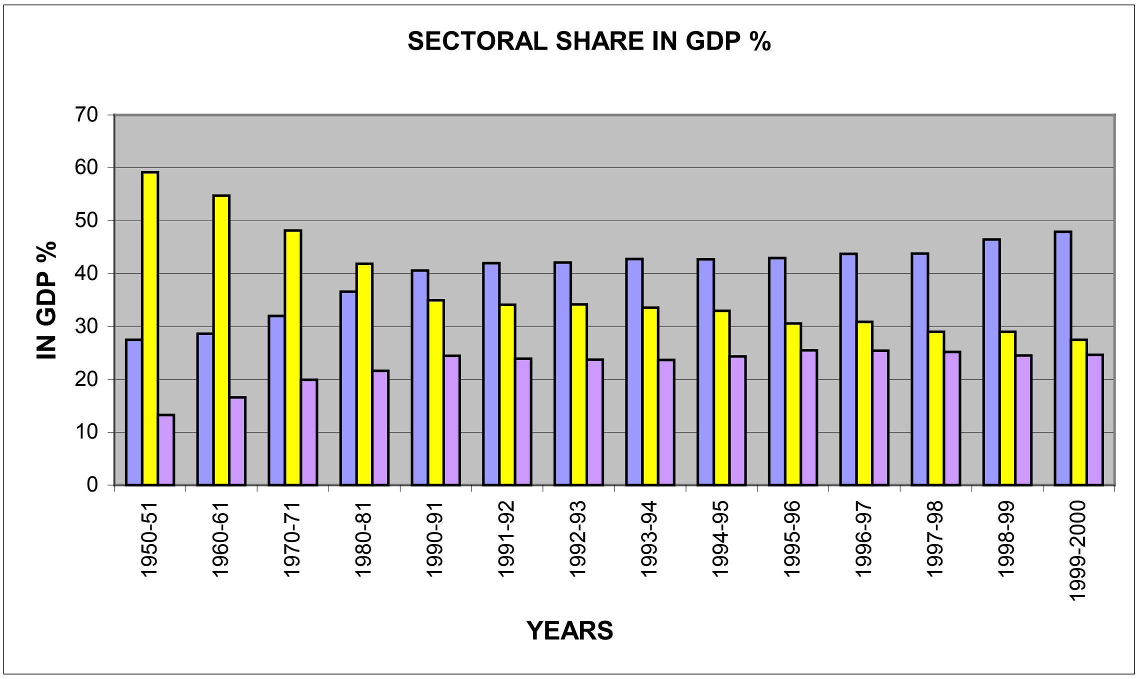
TABLE – 6.5

Sectoral Shares in GDP (in %)

Year	Services	Agriculture	Manufacturing
1950-51	27.52	59.19	13.29
1960-61	28.65	54.74	16.61
1970-71	31.97	48.12	19.91
1980-81	36.59	41.82	21.59
1990-91	40.59	34.92	24.49
1991-92	41.99	34.08	23.93
1992-93	42.09	34.17	23.74
1993-94	42.77	33.54	23.69
1994-95	42.71	32.94	24.35
1995-96	42.95	30.58	25.47
1996-97	43.69	30.86	25.45
1997-98	43.77	29.03	25.20
1998-99	46.46	29.03	24.51
1999-2000	47.88	27.49	24.63

Source: 88th IEA, Annual Conference Volume, Part – I, pp. 128-140.

GRAPH – 6.5



The Table and graph show that the contribution of various sectors of economy in GDP. In this classification, Services includes (a) transport, communication and trade; (b) banking and insurance, real estate, dwellings and business services; and (c) public administration, defence and other services. Agriculture includes forestry and logging, fishing, mining and quarrying; while Manufacturing includes construction, electricity, gas and water supply.

The Services Sector constitutes a large part of the Indian economy both in terms of employment potential and its contribution to national income. This sector has been the most dynamic sector of the Indian economy, especially over the last ten years. Table shows the changes that have been taking place in the Services Sector over the last few decades. From a low level of 27.52 per cent of GDP in 1950-51, the share of services increased to 47.88 per cent in 1999-2000. Between 1950-51 and 1990-91, the share of Services Sector in GDP rose by only 13.07 percentage points, which is an increase of about 0.33 percentage points per annum. However, between 1990-91 and 1999-2000, the share had increased by 7.29 percentage points, which is an increase of 0.81 percentage points per annum. Clearly, the rate of growth is significantly higher in the 1990s.

- Globalisation and Foreign Investment:-

FDI plays a crucial role in boosting the economic growth in today's globalized world. It can potentially break the vicious circle of underdevelopment by easing capital, technology and knowledge constraints in the host economy. It is worthwhile considering this for India.

Foreign investment takes two forms-foreign direct investment (FDI) and foreign portfolio investment (FPI). Foreign direct investment helps to increase the productive capacity of the economy, while foreign portfolio investment is of a more speculative nature and is thus very volatile. A careful perusal of the data on foreign investment given table 3 reveals that during the period 1990-91 and 1994-95, the share of FDI in total investment inflow was only 24.2 percent and that of FPI was 75.8 percent. In other words, only a quarter of the total foreign investment was available for increasing productive capacity while about three quarters was very volatile. For the 5 –year period (1995-96 to 1990-00), the proportion of FDI in total investment improved to 54.8 percent. However, the share of FPI was still high at about 45 percent. During the next 4-year period (2000-01), the share of FDI was 53.7 percent and that of FPI was 46.3 percent – nearly the same level as obtained during the previous five-year period.

However, a careful perusal of the year wise data reveals that fluctuations in foreign portfolio investment were much sharper than those in foreign direct investment. For instance, FPI showed a continuous decline during 1995-96 to 1998-99 and it dipped from $3,824 million in 1994-95 to negative level of $61 million in 1998-99. However, it recovered to level of $3,026 million in 1999-00. This indicates its extreme volatility and revival. Thereafter, again FPI continued to decline and reached a low level of $979 million in 2002-03, but revived to an astronomical level of $11,377 million in 2003-04. The share of FDI, which touched a low level of 16.3 percent in total foreign investment in 2002-03 rose sharply to about 71 percent in 2003-04. Obviously, FPI is very undependable.

Compared with this situation, the data about FDI shows a gradual upward growth from $129 million in 1991-92 to $1,314 million in 1994-95, to further rise to $3,557 million in 1997-98 and touching a peak of $6,130 million in 2001-02. Thereafter, it has indicated a decline to $4,673 million in 2003-04. It implies that as a matter of policy, the host country can depend on regular inflow of FDI if it creates a conductive climate for the purpose.

TABLE – 6.6

Foreign Direct Investment Inflows in India

(US $ Billion)

Year	Foreign Direct Investment (1)	Foreign Portfolio Investment (2)	Total
1990-91	97	6	103
1991-92	129	4	133
1992-93	315	244	559
1993-94	586	3,567	4,153
1994-95	1,314	3,824	5,138
1995-96	2,144	2,748	4,892
1996-97	2,821	3,312	6,133
1997-98	3,557	1,828	5,385
1998-99	2,462 (102.5)	-61 (-2.5)	2,041 (100.0)
1999-00	2,155	3,026	5,181
2000-01	4,029	2,760	6,789
2001-02	6,130	2,021	8,151
2002-03	5,035 (83.7)	979 (16.3)	6,014 (100.0)
2003-04	4,673 (70.9)	(29.1) 16,050	11,377 (100.0)
1990-91 to	2,441	7,645	10,086
1994-95	(24.2)	(75.8)	(100.0)
1995-96 to	13,139	10,853	23,992
1999-2000	(54.8)	(45.2)	(100.0)
2000-01 to	19,867	17,137	37,004
2003-04	(53.7)	(46.3)	(100.0)

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): 'Indian Economy'.

It would be desirable to understand the sectors in which FDI flows so as to analyse whether these inflows help to enlarge the productive capacity of the economy. Data shows that there are 10 sectors which are attracting FDI from January 1991 to March 2004, nearly 69 percent pertained to five high priority sector viz, energy, telecommunications, electrical equipment (including computer software and electronics), transportation and metallurgical industries. But actual inflows revealed a wide gap between FDI approval and actual inflows. For instances, as against total approvals in the energy sector the order of Rs. 77,825 crores, the actual FDI inflow was merely Rs, 9,802 crores (12.6 percent). The situation in telecommunication was equally dismal and the proportion of inflow was 18.7 percent. The performance in electrical equipment, transportation, chemicals and service sector was better and ranged between 42 to 53 percent. But as against the overall approved FDI of Rs. 2, 51, 431 crores i.e. 26.8 percent. There is no doubt that there is a gap between approvals and actual inflows, but this yawning gap only highlights the slow progress in the actual help rendered by FDI to promote development in a developing country like India. If globalisation has to make an impact and prove its effectively, the gap between approved FDI and actual inflows must be reduced.

A review of the world situation in FDI inflows reveals that 65.5 percent of the total inflows are made to the developed countries, 30.7 percent to the developing countries and only 3.7 percent to Central and East Europe. Out of the total share of 30.7 percent to developing countries, India received 0.8 percent, Brazil got 1.8 percent, Mexico 1.9 percent, but China received a big share of 9.6 percent ($ 53.5 billion) in 2003 (Refer table 6.7). The point, which deserves attention, is that nearly two-third of the FDI inflows goes to benefit Developed Countries and Eastern European economies and a little less than one-third provide assistance to developing countries.

TABLE – 6.7

FDI Inflows to Different Countries (2003)

US $ billion

World	559, 576	100.0
Developed Countries	366, 573	65.5
Developing Economies	172, 033	30.9
Central and Eastern Europe	20, 970	3.7
China	53, 505	9.6
India	4, 269	0.8
Brazil	10, 144	1.8
Mexico	10, 783	1.9

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): ‘Indian Economy’.

Although the number of developing countries receiving FDI flows has grown during the last decade, yet FDI investment remains concentrated in 12 of them accounting for 74.7 per cent of total. The remaining 176 developing countries and territories receive only 25.3 percent of total FDI during the 1990s.

India does not find a place among the 12 countries, though her population accounts for about 16 percent of world population. The unfair distribution of FDI becomes evident from the way FDI funds host countries.

Below table and graph help us to understand the same.

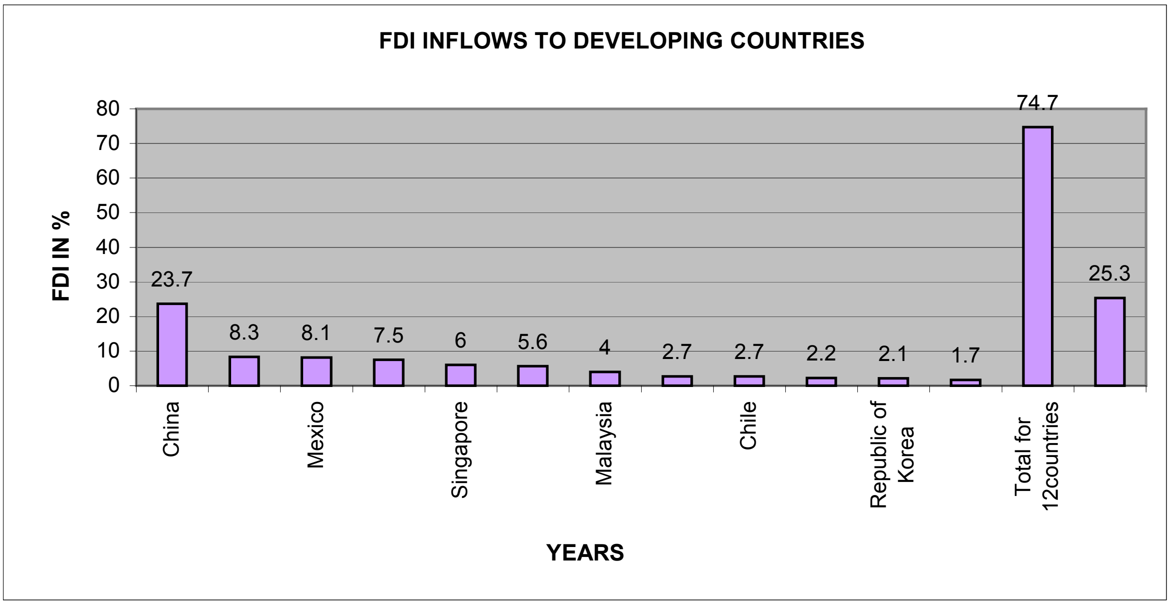
TABLE – 6.8

Distribution FDI Inflows to Developing Countries

Country	Percentage Share
China	23.7
Brazil	8.3
Mexico	8.1
China, Hong Kong	7.5
Singapore	6.0
Argentina	5.6
Malaysia	4.0
Bermuda	2.7
Chile	2.7
Thailand	2.2
Republic of Korea	2.1
Venezuela	1.7
Total for 12countries	74.7
Remaining 176 countries and Territories	25.3

Source: Datt, Ruddar and Sundharam, K.P.M. (2006): 'Indian Economy'.

GRAPH – 6.8



Besides this, FDI investment is used to nullify the comparative cost advantage, more especially cheap labour as well as raw materials by transferring production processes to the developing countries. ILO Report (2004) mentioning the role of MNCs for using FDI to enhance their economic position states: " The information and communications technology (ICT) revolution, coupled with declining transport costs made the growth of far-flung, multicountry based production of goods and services both technically and economically feasible. Production processes could be unbundled and located across the globe to exploit economic advantage arising from differences in costs, factor availabilities and the congeniality of the investment climate. Components and parts can easily be trans-shipped across the world and assembled at will. The communications revolution has made feasible the coordination and control of these dispersed production system."

FDI inflows are not all growth-oriented as advocated by pro-globalizers lobby; a big part of the inflows is used to destroy the comparative cost advantage of developing countries. For this purpose, 65,000 MNCs, with around 850,000 affiliates strengthen their stranglehold over the global production systems. The MNCs undertake outsourcing and insist on just-in-time delivery and thereby enhance their profits from the production processes established in developing countries.

- Globalisation and Employment:-

World commission on Social Dimension of Globalisation in this regard states: "For the world as a whole the latest estimates show that open unemployment has increased over the last decade to about 188 million in 2003. However, employment performance over the past two decades has varied across regions. It is also noticeable that within the world unemployment rates have increased since 1990 in Latin America and the Caribbean and South East Asia and since 1995 in East Asia.

As a consequence of increase in unemployment, the share of self-employed, which for most developing regions is proxy indicator for the size of the informal economy, has increased.

To analyses the impacts of globalisation on Indian labour market, the secondary data highlights decreases in job-creations and increasing trend of unemployed persons, due to technology up-gradation in secondary sector and tertiary sector, as well.

The employment situation in India has worsened in the era of globalisation. The rate of growth of employment which was of the order of 2.04 percent year during the period 1983-1994 declined to low level of 0.98 percent during the period 1994-2000.

This was largely a consequence of a negative growth rate of employment in agriculture that absorbed about 65 percent of total employed workers as also a sharp decline in community, social and personal services to 0.55 percent during 1994-2000 as against 2.90 percent during 1983-94. This was largely the consequence of neglect of agriculture and shedding the load of excess employment in the public sector by imposing a continuous ban on recruitment and not filling up even the positions vacated by retirement of public sector employers. (Refer below table and graph).

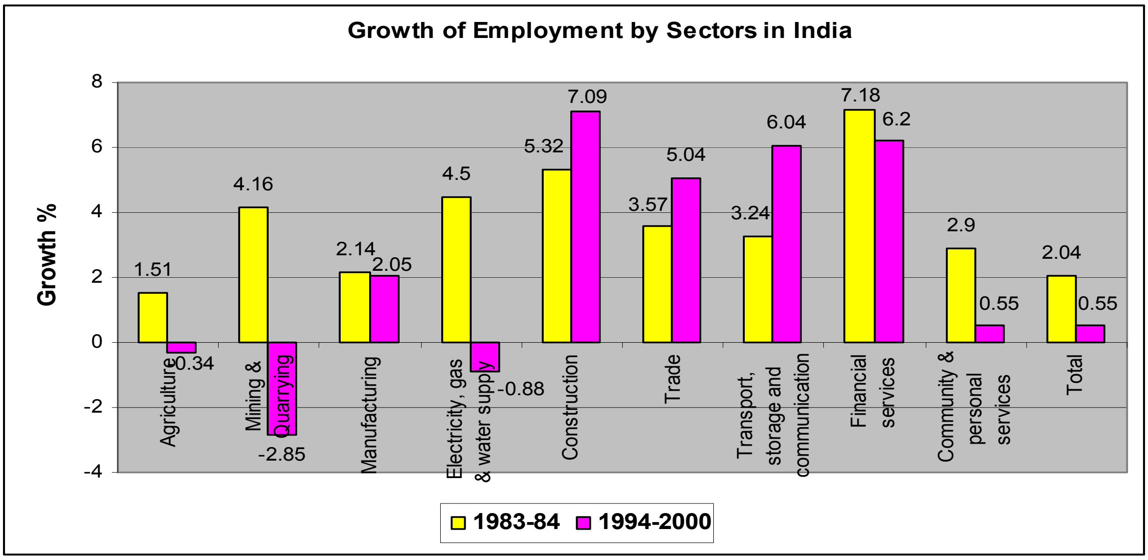
TABLE – 6.9

Growth of Employment in Different Sectors in India

Sectors	1983-84	1994-2000
Agriculture	1.51	-0.34
Mining & Quarrying	4.16	-2.85
Manufacturing	2.14	2.05
Electricity, gas & water supply	4.50	-0.88
Construction	5.32	7.09
Trade	3.57	5.04
Transport, storage and communication	3.24	6.04
Financial services	7.18	6.20
Community & personal services	2.90	0.55
Total	2.04	0.55

Source: Datt, Ruddar and Sundharam, K.P.M. (2006), 'Indian Economy'.

GRAPH – 6.9



The organised sector, which was considered as the engine of growth, failed to generate enough employment. During 1994-2000 employment growth in the organised sector was merely 0.53 percent. The growth of employment in the public sector was of negative (-0.03 percent) and that of the private sector was of the order of 1.87 percent. But since the share of the public sector in organised sector employment was of the order of 69 percent enlargement of private sector employment failed to effectively offset the deceleration in the public sector. Consequently, the share of the organised sector, which was 7.93 percent in 1983, declined to 7.08 percent in 1999-00.

Thus, Globalisation pushed workers from the organised sector to swell the ranks of workers in the unorganised sector. It is common knowledge that workers in the organised sector are relatively better paid than those in the unorganised sector; they enjoy better job security and other benefits. Within the organised sector, jobs in the public sector receive much higher wages and accompanying benefits than those in the private sector for similar skills. Besides this, the public sector offers greater job security.

Globalisation, therefore, increased the process of information of the economy. For instance, it has led to a process of casualization of workforce. Data provided by the National Sample Survey reveals that the proportion of casual workers, which was 28.7 percent in 1983, increased to 33.2 percent in 1990-00.

Even in the organised sector, an increasing number of jobs are assuming characteristics of those in the unorganised sector as a consequence of policies of flexibilization of labour in the wake of globalisation. In a study comprising about 1,300 firms, spread out over 10 states in India and covering 9 important manufacturing industry groups both in the public and the private sector in India, it was revealed that between 1991 and 1998 although the total employment increased by over 2 percent, most of the increase was accounted for by temporary, casual, contract and other flexible categories of workers.

Globalisation has accelerated the process of proletarianization of labour. The problems of unemployment, casualization, lower wages, and part-time jobs, less or no security in jobs has manifested themselves in a much greater degree. Consequently, a process of cost cutting has pushed up the share of capital in value added. Raising productivity by downsizing is only denominator management of productivity. A higher profit has been the result of exploitative efficiency, rather than basing globalisation on enlarging growth opportunities for both the management and labour. The bargaining power of trade unions has been considerably reduced and they are accept 'concession bargaining', instead of 'collective bargaining' earlier resorted to resolve labour disputes. To save the workers from job losses, the trade unions are forced to accept cuts in wages and salaries, freezing of dearness allowance and other benefits, a higher share of casual labour in employment, voluntary suspension of trade union rights for specific period, agreeing to the commitments of modernization and consequent reduction of labour force. The weakening of workers bargaining capacity has resulted in a rise in the militancy of employers and this process has manifested in a significant increase in the incidence of lockouts and a decline in strikes. In the pre-liberalisation phase-between 1976 and 1990-the man days lost due to strikes were 54.9 percent and use to lockout were 45.1 percent; the corresponding figures for lockouts and strikes for the period 1991 and 2000 were 60.9-8 percent and 39.2 percent respectively. Not only that, the average duration of lockout was roughly 2.5 times the duration strike.

Moreover the forces of globalisation have resulted in an increase of women's employment into low paid jobs, in manufacturing, particularly in Asia. Guy Standing has drawn pointed attention to the fact that the decade spanning the late 1980s and 1990s is one of feminisation of flexible labour in industries where profit margins are protected by reducing labour costs, extending hours and decreasing the number of formal production workers. This can be seen in export-oriented low technology high-labour based industries, specially promoted in export processing zones like garments, shoes and electronics. Another category of degraded labour is the home-based labour with a rapidly growing share of females. Employers prefer to undertake contracts with home-based workers done by them. By exploiting unorganised home-based workers, the employers are able to reduce their costs to minimum. Thus, unskilled or low-skilled home-based workers, majority of them are women, actually subsidies capitalist growth by providing infrastructure, tools and equipment. Feminisation of workforce has enabled the capitalist class to increase its share in value-added, while paying workers below minimum wage.

- Globalisation and Poverty:-

It is globalisation of the rich, by the rich and for the rich. “The super-rich are seceding from their nations… We are building enclaves of super-privilege, what you are having is not a global village but a series of global ghettoes…”[1]

At the 41st Annual Conference of the Indian Society of Labour Economics, Dr. S. P. Gupta, former member, Planning Commission delivering V B Singh Memorial Lecture on November 18, 1999 captioned ‘Trickledown Theory Revisited: The Role of Employment and Poverty’ surveyed the progress that has taken place in the era of economic reforms after 1991 and the period preceding the reforms. Dr. Gupta brought out the disquieting fact: "In India, the poverty reduction over 1983 to 1990-91 was around 3.1 per cent per annum, but it reversed to 1 per cent in 1990 i.e. between 1990-91 and 1997. In contrast to this, the GDP growth in India between 1983 and 1990-91 was around 5.6 per cent, and between 1990-91 and 1997, this is expected to go beyond 5.7 per cent.

TABLE – 6.10

Percentage of People below Poverty Line 1983-1997

Year	NSS Round	Rural	Urban	Combined	Absolute Million
1983	38th LS	45.65	40.79	44.48	322.8
1987-88	43rd LS	39.09	38.20	38.86	304.9
1989-90	45th TS	33.70	36.00	34.28	276.0
1990-91	46th TS	35.04	35.29	35.11	291.0
1992	48th TS	41.70	37.80	40.70	348.0
1993-94	50th TS	37.27	32.36	35.07	320.5
1994-95	51st TS	38.03	34.24	36.98	329.5
1995-96	52nd TS	38.29	30.05	36.08	328.0
1997	53rd TS	38.46	33.97	37.23	348.8
1998 Six Months	59th TS	45.25	35.48	43.01	406.3

LS= Large Sample

TS= Thin Sample

Source: Datt, Ruddar and Sundharam, K.P.M. (2006), "Indian Economy".

From the data given in the table 6.10, it becomes evident that percentage of people below the poverty line declined from 44.48 per cent of total population in 1983 to 35.11 per cent in 1990-91 and the absolute number of persons below the poverty line sharply declined from about 322 million in 1983 to 291 million in 1990-91 until 1997, the proportion of people below the poverty line went up from 35.1 per cent to 37.23 per cent. In absolute terms, the number of the poor went up from 291 million in 1990-91 to 349 million in 1997. Obviously, the pattern of growth followed after 1991 has not succeeded to reduce poverty in Indian economy.

However, the Ninth plan objections reveal that labour force is likely to increase at the rate of 2.51 per cent per annum during 1997 and 2002 and thereafter by 2.4 per cent during the next 15 years. The grim scenario that has emerged during the 1990s regarding employment growth and employment elasticity to GDP growth makes one sit up and rethink whether the globalisation will be able to meet the challenge of poverty and unemployment during the next decade. There is, therefore, a dire need for changing the gears of the strategy of growth by shifting emphasis from the production of articles of durable consumption like washing machines, colour TVs, refrigerators, air conditioners, nylon fabrics, scooters mopeds and cars to articles of mass consumption or wage goods.

Joseph Stiglitz, Senior Vice-President of the World Bank criticising the approach of the World Bank mentions: “A comparative approach to development putting social justice, equality and fight against poverty should be at the heart of the Bank’s agenda, rather than following the so-called Washington consensus.”

While reports about India’s growth rate are highly encouraging, the reality becomes quite depressing when one takes inequities and quality of life into account. On one hand, there are almost 311 billionaires in India with a net worth of a whopping Rs. 4 trillion, while on the other, there is Amlashole, a village in West Bengal, where people sustain at a pitiable Rs. 170 per capita per month. According to the Human Development Index prepared on a regular basis by UNDP, India ranks in the lowly 120s out of a total of 200 odd countries. The index measures the quality of life by taking into account factors like literacy, infant mortality, life expectancy, maternal mortality and many other indicators.

Quite clearly, a sustained growth in GDP and per capita incomes may not be enough to push India to respectable position in the Human Development Index rankings.

TABLE – 6.11

India is still lagging in terms of Human Development

Countries	2001	2002	2003
Norway	1	1	1
United States	7	8	10
Japan	9	9	11
Germany	18	19	20
Brazil	65	72	63
Indonesia	112	111	110
Namibia	124	126	125
India	127	127	127

Source: Business & Economy (2006), 'Realising the Great Indian Dream', pp.52-55.

To be sure, millions of Indians would prosper and reap enormous benefits enormous benefits of globalisation. Yet, that would be 'India Shining' for the fortunate few. We strongly believed that while market forces will ensure higher efficiencies, productivity and higher growth rates, they cannot eliminate poverty on their own without a little bit of help from pro-active government policies.

- Globalisation and Price Level:-

On the eve of the introduction of the policy, inflation rate was double digit. In 1987-88, it was 13.4 percent. Though in 1988-89 and 1989-90 it was 5.6 percent and 8.3 percent respectively but again in 1990-91 it increased to 12.1 percent. The increase in price level was continued and reached at 13.6 percent in 1991-92. In September 1991, it was at a peak level of 16 percent.

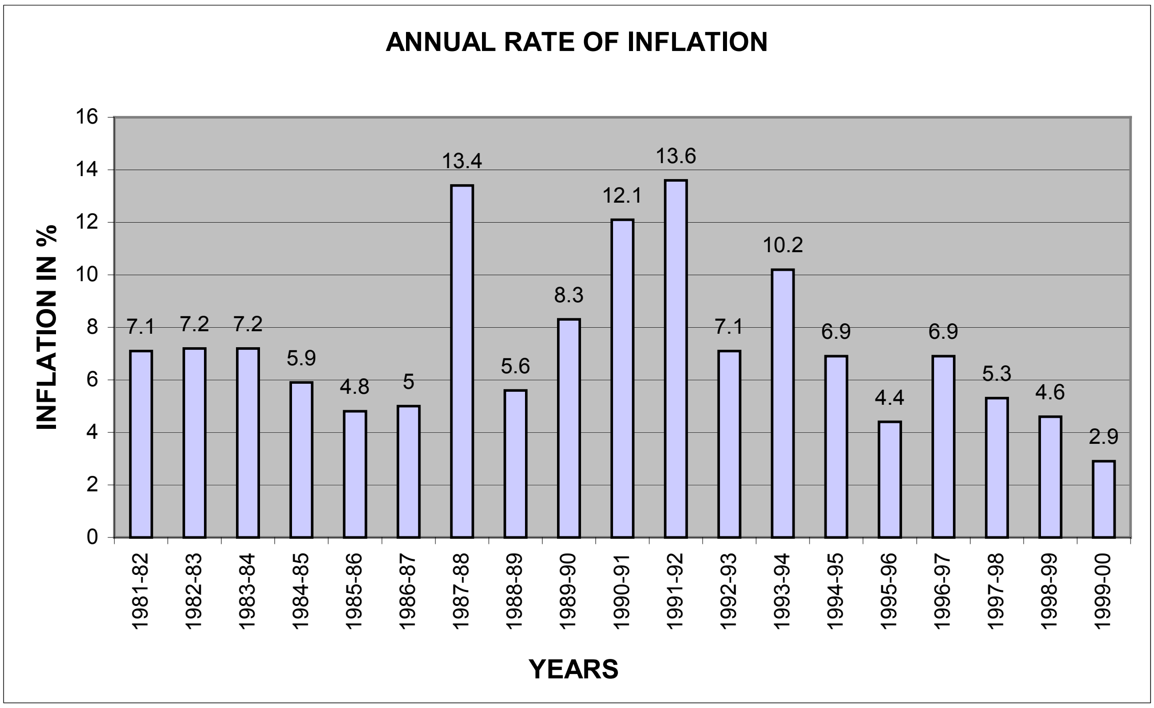
TABLE – 6.12

Wholesale Price Index (End of Year, Point to time 1981-82=100)

Year	WPI	Annual Rate of Inflation	Year	WPI	Annual Rate of Inflation
			1990-91	191.8	12.1
1981-82	100.0	-	1991-92	217.8	13.6
1982-83	107.2	7.2	1992-93	233.1	7.1
1983-84	114.9	7.2	1993-94	256.9	10.2
1984-85	121.8	5.9	1994-95	274.8	6.9
1985-86	127.7	4.8	1995-96	299.5	4.4
1986-87	134.2	5.0	1996-97	320.1	6.9
1987-88	148.5	13.4	1997-98	337.1	5.3
1988-89	156.9	5.6	1998-99	353.9	4.6
1989-90	171.1	8.3	1999-00	364.2	2.9

Source: Gupta, K. R. (2002), 'Liberalisation and Globalisation of Indian Economy'.

GRAPH – 6.12



The increase in the prices of foodgrains on mere political considerations and the gulf-surcharge which raised the prices of petroleum products to an unprecedented level in one single jump were the other factors behind the rise in prices during the 1990's. Prices rose rapidly during 1990-91 and 1991-92 and the average annual rates of inflation were 12.1 per cent and 13.6 per cent respectively. The inflation rate was controlled since then because of a better performance by agricultural sector as also because of the macro-economic corrections adopted by the Narasimha Rao Congress Government, including reduction in the fiscal deficit and the resultant control in the expansion of money supply.

The country experienced a continuous though fluctuating but a gradual declining annual rate of inflation based on the movement of wholesale prices from 10.2 percent from the beginning of the financial year 1994-95 to 2.9 percent in 1999-2000. It indicates that inflation rate is moderate and is a good response to the operation of New Economic Reforms. Nowadays, also inflation rate is very moderate ranging from 5 percent to 6 percent.

- Globalisation and Foreign Exchange Reserves:-

Since the operation of New Economic Reforms, the position of foreign exchange reserves has improved significantly. In 1980-81, it was 6823 US $ million which came down to the level of 3962 US $ million in 1989-90. It indicates 41.9 percent decline. On the contrary, foreign exchange reserves began to rise from the year 1991-92 and continued till 1999-2000. In 1990-91, it was 5834 US $ million, it reached the level of 34,935 US $ million in 1999-2000, reflecting 498 percent increase or six times increase. It became 171069 US $ million in 19th January 2007.[*]

[*] EPW, 3rd February 2007, pp. 342.

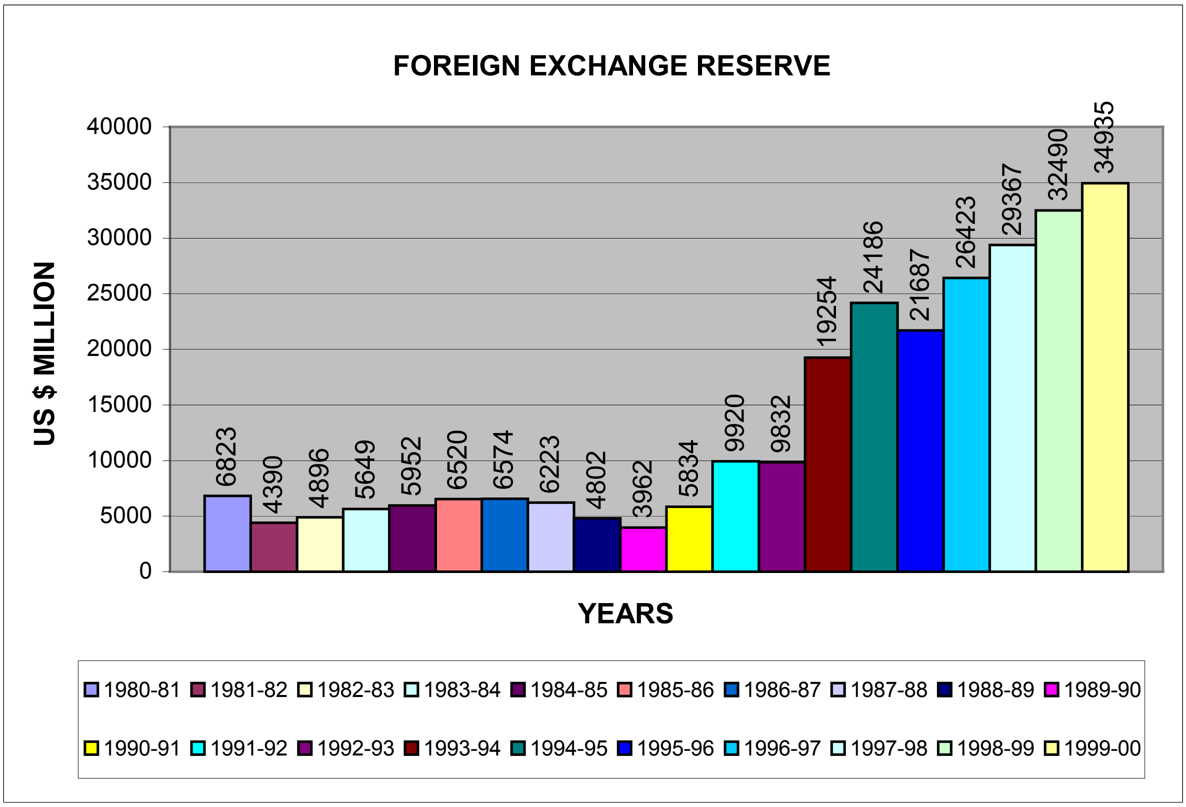
TABLE – 6.13

Foreign Exchange Reserves (Gold + SDR + Reserves) US $ million

Year	Foreign Exchange Reserves	Year	Foreign Exchange Reserves
1980-81	6823	1990-91	5834
1981-82	4390	1991-92	9920
1982-83	4896	1992-93	9832
1983-84	5649	1993-94	19254
1984-85	5952	1994-95	24186
1985-86	6520	1995-96	21687
1986-87	6574	1996-97	26423
1987-88	6223	1997-98	29367
1988-89	4802	1998-99	32490
1989-90	3962	1999-00	34935

Source: Datt, Ruddar and Sundharam, K.P.M. (2006),'Indian Economy'.

GRAPH – 6.13



It is the only front where the rise is continuous and significant. Remarkable fact is that the increasing trend is not the result of increasing tempo of exports earnings but the main reasons has been large capital inflows. Now the nature of capital inflows has undergone a drastic change. Now the role of external assistance, commercial borrowing, IMF loans and non-resident deposits are progressively being replaced by the foreign investment inflows. The unprecedented high level of reserves has raised issues related to the management of foreign exchange reserves but it is recognised that India's current level of reserves are not exceptionally high when compared to some other developing economy. For example, in 1994, India's foreign exchange reserve was 19,254 million US dollar and in China, in the same year, it was 39,969 million US dollar.

- Globalisation and Foreign Trade and Balance of Payment:-

One of the principal aims of globalisation is to expand trade in goods and services. The World Commission in this context states. "This trade expansion did not occur uniformally across all countries, with the industrialized countries and a group of 12 developing countries accounting for the lion's share. In contrast, the majority of the developing countries did not experience significant trade expansion. Indeed, most of the Least Developed Countries (LDCs), a group that includes most of the countries in sub-Saharan Africa, experienced a proportional decline in their share of world markets – despite the fact that these countries have implemented trade liberalisation measures."

During the 12 years period (1990-2002), India's merchandise exports increased at the rate of 8.8 per cent per annum (from $ 17.97 billion to $ 49.25 billion), while that of China increased at the faster rate of 14.8 per cent and that of Mexico at the rate of 12.2 percent. However, compared to the world average annual exports of 5.4 per cent during the period, India did benefit from globalisation in increasing its export growth rate. But India's share in world merchandise exports improved only marginally from 0.52 percent in 1990 to 0.76 per cent in 2002.

India's performance in service sector exports was relatively much better. Service sector exports increased from $ 4.6 billion in 1990 to $ 24.5 billion in 2002, indicating an annual average growth rate of 15 percent during the period. However, China's performance was slightly better at 17.4 percent. Much of this increase was due to software exports as a consequence of outsourcing by developed countries, especially USA and to some extent the European Union countries. the share of software exports which was only 42.7 percent in 1990 in total service exports of India jumped to 75.9 percent in 2002. This singular achievement is very creditable. Compared to the world average growth of commercial services of the order of 6 percent, India did benefit substantially in the service sector exports. If we pool together merchandize and service sector exports, it becomes evident that India's exports of goods and services increased from $ 22.58 billion in 1990 to $ 73.8 billion in 2002, indicating an annual average growth rate of 10.4 percent. As a consequence, India's share in world exports of goods and services improved from 0.54 percent in 1990 to 0.93 percent in 2002. As against this, China's share improved form 1.6 percent in 1990 to 4.58 percent in 2002, and that of Mexico from 1.22 percent to 2.33 percent. The annual average export of goods and services from India increased by 10.4 percent during this period, but the performance of China by 15 percent and that of Mexico by 11.4 percent was better than that of India. There is no doubt that India has gained as a consequence of globalisation in improving its share of world exports of goods and services to 0.93 percent, but considering the size of its economy, the gain is much smaller when compared with South Korea, Mexico and China.

It is of interest to examine this claim using data form following table.

Exports rose from 7.3 percent of GDP in 1991-92 to 9.1 percent of GDP in 1995-96. Thereafter, they experienced a gradual decline until they were 8.4 percent of GDP. But if we examine the trend of imports, they increased from 8.3 percent of GDP in 1991-92 to 12.3 percent in 1995-96. Even thereafter, when exports fell in 1996-97 and 1997-1998, imports continued their forward march. During 2000-01, when exports increased to a level of 9.8 percent of GDP, imports jumped to a level of 13.0 percent of GDP. As a consequence, India's trade deficit during 1996-97 to 2000-01 ranged between 3.1 to 4.0 percent of GDP. The situation has slightly improved during 2001-02 and 2002-03 and the trade deficit has come down to 2.6 percent and 2.5 percent of GDP respectively.

TABLE – 6.14

The external Sector and Globalisation of the Indian economy

(As Percentage of GDP at market prices)

Year	Exports	Imports	Trade Balance	Net Invisibles	Current Account Balance
1990-91	5.8	8.8	-3.0	-0.1	-3.1
1991-92	7.3	8.3	-1.1	0.7	-0.4
1992-93	7.8	10.2	-2.4	0.6	-1.8
1993-94	8.3	9.8	-1.5	1.1	-0.4
1994-95	8.3	11.1	-2.8	1.8	-1.0
1995-96	9.1	12.3	-3.2	1.6	-1.7
1996-97	8.9	12.7	-3.8	2.7	-1.2
1997-98	8.7	12.5	-3.8	2.4	-1.4
1998-99	8.3	11.5	-3.2	2.2	-1.0
1999-00	8.4	12.4	-4.0	2.9	-1.1
2000-01	9.8	13.0	-3.2	2.3	-0.8
2001-02	9.4	12.0	-2.6	2.8	+0.2
2002-03	10.3	12.8	-2.5	3.3	+0.8

Source: Datt, Ruddar and Sundharam, K.P.M. (2006),'Indian Economy'.

This underlines the hard reality that foreigners have been able to penetrate the India market more effectively than Indians have been able to access foreign markets.

However, India's performance in achieving a net positive balance in invisible has helped it to wipe out the large trade deficit. During 2002-03, net invisibles showed a positive balance of 3.3 percent of GDP, which not only wiped out the trade balance deficit, but also created a positive balance in current account to the extent of 0.8 percent of GDP. A major contributor to the present situation is a massive inflow of foreign exchange from the software service provided by India as a consequence of sharp increase in exports of IT-enabled and business process outsourcing (BPO) services.

The main implications of reform measures were intended to boost exports as well so as to facilitate developmental imports or such imports, which were vital for increasing industrial production, may be of some raw materials.

RBI, Report on Currency and Finance (1998-99) analysing the growth performance of imports and exports in the post-reform period excludes 1991-92 since it was exceptional year of import compression. The Report mentions: "On an average annual basis, export growth during 1992-93 to 1998-99 at 9.8 per cent was 8.1 per cent to 1990-91. Similarly, the average import growth during the nineties at 12.0 per cent remained substantially higher than that of 7.8 per cent recorded during the eighties".

It may also be noted that the reform process cannot continue to take credit for boosting import growth, because the objective of the reform process should be to ultimately boost export growth faster than import growth so that the trade-balance gap is reduced. However, this does not seem to be happening and the trade balance deficit has increased from US $ 5.66 billion in 1996-97 to US $ 12.85 billion in

1998-99. Even during 2003-2004 trade deficit has increased from this level to much more high level. For a more realistic picture, it would be desirable to examine the balance of payments data which indicates total payments received from export and total payments made on account of imports. If we examine this data, then export-import ratio during the eighties works out to be 60.7 per cent and during the nineties to be 74.5 per cent.

- Globalisation and Role of state

In the context of globalisation on a controversial question that has already been discussed, is about the role of the state. It is wrong to assume that the State folds up under the globalisation and liberalisation. The rolling back of the state on the economic issues, of course, necessitates redefining of its new role. It may not remain to be the owner of strategic industries, but it is still a regular that overseas and prevents abuses of market. It also provides the legal, physical and human infrastructure. The state has to concentrate on development dynamics that would benefit primarily the poor and the disadvantaged. Thus, the state has to play a major role in shaping the country. According to Gunnar Myrdal, the State planning and control of the economy is required in order to:

1. Squeeze and twist consumption and thereby to enhance capital formation and productive investment,
2. Keep out non-essential imports,
3. Invest in social and economic overheads,
4. Eliminate speculative and monopolistic practices,
5. Obtain loans from the government and private organisations of other countries and
6. Ensure that the drive for private organizations does not result in gross inequalities.

There is, of course, new role and agenda of the emerging liberal State. There has, thus, been no retreat of the State. Rather there has been a shift from one form of State intervention to another.

6. CONCLUSION:

Generally, it is difficult to escape the conclusion that those countries that have chosen more make trade a pillar of economic growth have, indeed, grown more strongly and become wealthier than those which have chosen a reliance on domestic markets behind protective walls. The proponents of a favourable link have a two-step argument: that trade promotes growth, and that growth reduces poverty. As illustrated by the work of several economists, the evidence for both these propositions as dominant tendencies is very strong in our post-second world war experience. It makes sense that stagnant economies cannot pull up masses of unemployed and under-employed poor into sustained, gainful employment and out of poverty. Yet the basic equation seems to us to stand: trade does inspire growth and to a greater or lesser degree and given time, will combat poverty.

Further, it is important to grasp the central role of the WTO's rules. Neither, the WTO nor the GATT was ever an un-restrained free trade charter. In fact, both were and are intended to provide a structures and functionally effective way to harness the value of open trade to principle and fairness. Trade liberalisation sometimes needs safely nets. However, such situations require the provision of adjustment assistance to facilitate the acceptance of liberal trade. Without it, the benefits of trade liberalisation may be renounced and policies reversed.

NOTES

[1] Ghuman Ranjit Singh (2003): 'Globalisation and Developing Economies with Special Reference to India: A macro Analysis', in Arya, P.P. and Tandon, B.B. (ed), 'Economic Reforms in India: From First to Second Generation and Beyond', Deep & Deep Publications Pvt. Ltd., New Delhi, pp. 31-51.

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CHAPTER – 7
IMPACTS OF MNCs ON INDIAN INDUSTRIAL SECTOR

> "The contribution of foreign direct investment to development is now widely recognised. There is a perception, however, that this contribution may be affected by the way investment enters a country. It may come in the form of a new enterprise or the expansion of an existing enterprise; it may also come through a merger or an acquisition. Acquisitions, in particular, arouse concerns, especially over employment, ownership and market structure. And the concerns become urgent when the host economy is a developing one."
>
> \- Kofi A. Annan*

1. INTRODUCITON:

The dynamic of the business environment fostered by the drastic political changes in the erstwhile communist and socialist countries and the economic liberalisation across the world has enormously expanded the opportunities for the multinational corporation, global corporation (or firm, company or enterprise), etc.

Although the multinational corporation took birth in the early 1860's it was after the Second World War that multinationals have grown rapidly. In the early days, the United States was the home of most of the MNCs. Now there are a large number of Japanese and European multinationals. In the list of the 10 or 20 largest MNCs, Japan has a major share. Multinationals have been emerging from the developing countries too. South Korea has, for example, well known MNCs like Samsung, Hyundai, LG and Daewoo.

The rapidity with which the MNCs are growing is indicated by the fact that while according to the World Investment Report 1997 there were about 45,000 MNCs with some 280,000 affiliates, according to the World

* FACT FOR YOU, December 2000, pp. 31.

Investment Report 2002 there were about 65,000 of them with about 8.5 lakh foreign affiliates. Only less than 12 percent of these affiliates were in the developed countries. China was host to more than 3.6 lakh of the affiliates (i.e. more than 40 percent of the total and nearly three-fourths of them in developing countries) compared to more than 1400 in India.

There are multinationals that have a total turnover exceeding the GDP of many small or developing nations. The Minnesota Mining and Manufacturing Company, called for short, 3M has more than a thousand product lines. The top three multinational in the world today could combine to purchase a small nation. Few multinationals have a total employee force that is larger than the population of a country and may even power to bring down governments. Therefore, multinationals have money power, muscle power, managerial power, technology power and political power through which they influence many economies in the world.

Their economic impact can be measured in different ways. In 2001, foreign affiliates accounted for about 54 million employees, compared to 24 million in 1990; their sales of almost $ 19 trillion were more than twice as high as world exports in 2001, compared to 1990 when both were roughly equal; and the stock of outward foreign direct investment increased from $ 1.7 trillion to $ 6.6 trillion over the same period. Foreign affiliates now account for one-tenth of world GDP and one-third of world exports.

At one time America based multinationals ruled the world. Today, many Japanese, Korean, European and Indian Multinationals have spread their wings in many parts of the world.

2. DEFINATION AND MEANING:

As the concept of multinational has several dimensions, there is no single criterion that can define the multinational and, therefore, there is no single universally agreed definition of the term multinational corporation.

According to an ILO report, “the essential nature of the multinational enterprises lies in the fact that its managerial headquarters are located in one country (referred to for convenience as the (“home country”) while the enterprise carries out operations in a number of other countries as well (“host countries”). Obviously, what is meant is “a corporation that control production facilities in more than one country, such facilities having been acquired through the process of foreign direct investment. Firms that participate in international business, however large they may be, solely by exporting or by licensing technology are not multinational enterprise.”

Among the various other benchmarks sometimes used to define ‘multinational’ are that company in question must.

1. Produce (rather than just distribute) abroad as well as in the head quarters country.
2. Operative in a certain minimum number of nations (six for example).
3. Derive some minimum percentage of its income from foreign operations (e.g. 25%).
4. Have a certain minimum ratio of foreign to total number of employees, or of foreign total value of assets.
5. Possess a management team with geocentric orientations.
6. Directly control foreign investments (as opposed simply to holding shares in foreign companies).

3. IMPACTS OF MNCs ON INDIAN PHARMACEUTICAL INDUSTRY:

The Indian Pharmaceuticals sector has come a long way, being almost non-existing during 1970, to a prominent provider of health care products, meeting almost 95% of country’s pharmaceutical needs. The domestic pharmaceutical output has increased at a compound annual growth rate (CAGR) of 13.7% per annum. Currently the Indian pharma industry is valued at approximately $ 8.0 billion, which is going to cross to cross US $ 10 billion by 2008. Market for patented drugs in India will cross US $ 3 billion by 2008. Market for generic drugs in India is going to cross US $ 7.5 billion by 2008. Indian pharmaceutical industry accounts for 8 per cent of the world's pharmaceutical production and globally, the Indian industry ranks 4th in terms of volume and 13th in terms of value. Indian pharmaceuticals industry has over 20,000 units. Around 260 constitute the organized sector, while others exist in the small-scale sector. The top 50 units account for over 80 per cent of the turnover, and also bulk of the exports. These units are mainly responsible for R&D investments and introduction of new drugs.

The industry is also creating employment opportunities for many. In the year 2005, the domestic pharma industry employed half a million people directly while it provided employment to another two and a half million people in directly, taking the total employment generation of the industry to three million people. And 28 pharma companies figured in The Analyst 500 list, the top three on the basis of net sales being Ranbaxy Laboratories Ltd., Cipla Ltd., and Dr. Reddy's Laboratories.

The Indian pharmaceutical companies have been doing extremely well in developed markets such as US and Europe, notable among these being Ranbaxy, Dr. Reddy's Labs, Wockhardt, Cipla, Nicholas Piramal and Lupin.

Indian pharmaceutical players are offering their products at some of the lowest prices in the world. The quality of the products is reflected in the fact that India has the highest number of manufacturing plants approved by US FDA (Food and Drug Administration), department that is next only to that in the US. Multinational companies have traditionally dominated the industry. Currently, it is the Indian companies, which are dominating the marketplace with the local players dominating a number of key therapeutic segments. Consolidation is increasing in the industry with many local players building a global outlook and also growing inorganically through mergers and acquisitions.

However, India, which has 16 per cent of the world population, produces only 1.2 per cent of the global output of pharmaceuticals and the annual per capita consumption of drugs in India is one of the lowest in the world at $3.

- Exports and Imports in Pharmaceutical Sector:-

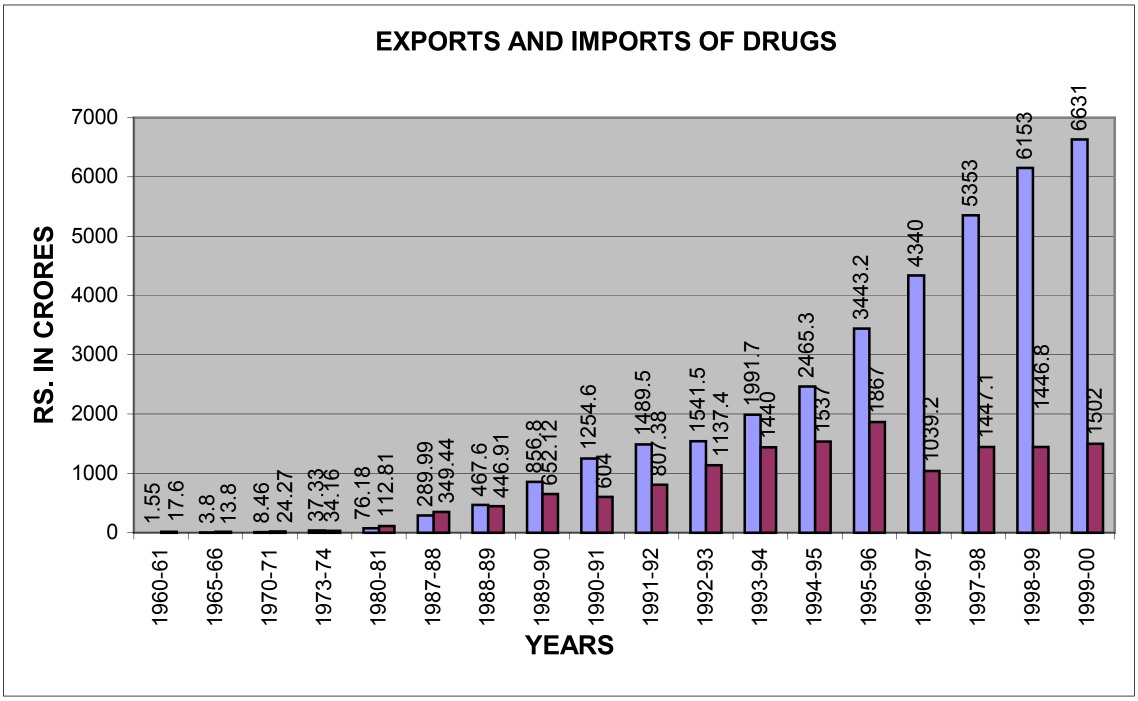
TABLE – 7.1

Balance of Trade in Pharmaceutical Sector (Rs. Crores)

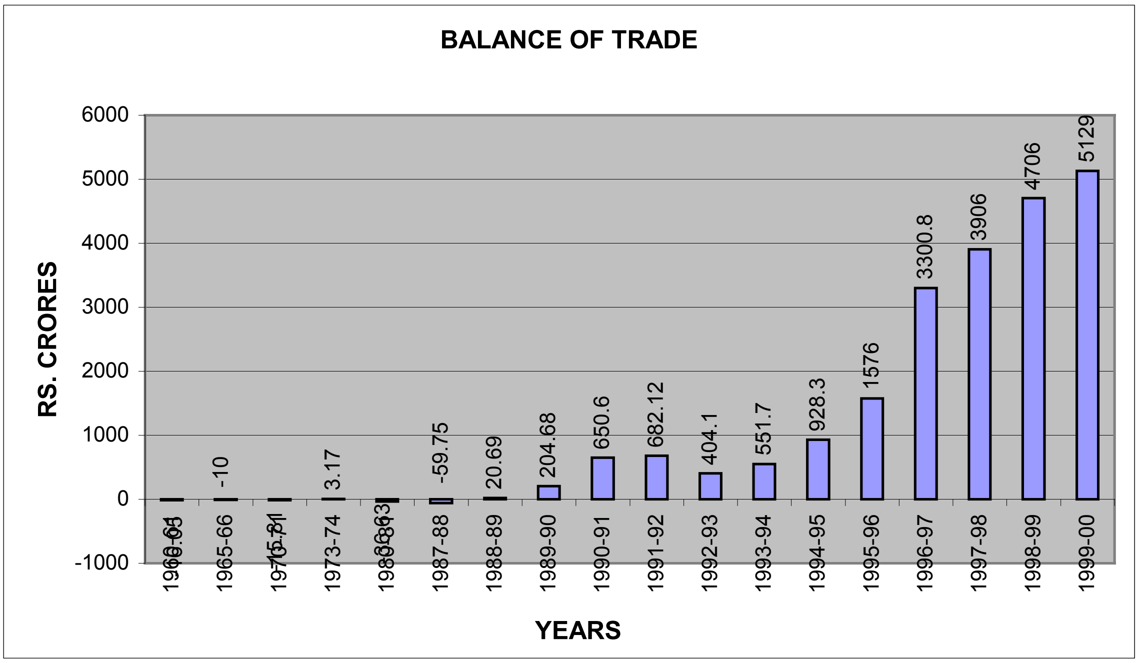
Year	Exports of Drugs	Imports of Drugs	Balance of Trade
1960-61	1.55	17.60	-16.05
1965-66	3.80	13.80	-10.00
1970-71	8.46	24.27	-15.81
1973-74	37.33	34.16	3.17
1980-81	76.18	112.81	-36.63
1987-88	289.99	349.44	-59.75
1988-89	467.60	446.91	20.69
1989-90	856.80	652.12	204.68
1990-91	1254.60	604.00	650.60
1991-92	1489.50	807.38	682.12
1992-93	1541.50	1137.40	404.10
1993-94	1991.70	1440.00	551.70
1994-95	2465.30	1537.00	928.30
1995-96	3443.20	1867.00	1576.00
1996-97	4340.00	1039.20	3300.80
1997-98	5353.00	1447.10	3906.00
1998-99	6153.00	1446.80	4706.00
1999-00	6631.00	1502.00	5129.00

Source: 88th IEA, Annual Conference Volume, Part – I, pp. 312-321.

GRAPH – 7.1.1



GRAPH – 7.1.2



From the table 7.1 and graphs 7.1, 7.2 it becomes clear that in 1660-61 exports of drugs was of Rs. 1.55 crores while imports of drugs was of Rs. 17.60 crores hence balance of trade of pharmaceutical sector was of Rs. -16.05 crores. This situation was totally different in 1991-92. In 1991-92 exports of drugs was of Rs. 1489.50 while imports of drugs was of Rs. 807.38 hence balance of trade in pharmaceutical sector was of Rs. 682.12. In 1999-200 balance of trade in pharmaceutical sector was of Rs. 5129.00 crores. In 2000-01, exports of pharmaceuticals were worth over US $ 1.5 billion, or 4.1 per cent of India's total exports. In 2001-02, exports of pharmaceuticals were reached to US $ 2.18 billion. In 2002-03 and in 2003-04 exports reached to US $ 2.65 billion and 3.13 billion respectively.

The exports constitute almost 40% of the total production of pharmaceuticals in India. India's pharmaceutical exports are to the tune of $3.5bn currently, of which formulations contribute nearly 55% and the rest 45% comes from bulk drugs. The export revenue now contributes almost half of the total revenue for the top 3-pharma majors: Dr Reddy's, Ranbaxy and Cipla. The other major exporters are Wockhardt Limited, Sun Pharmaceutical Industries Ltd. and Lupin Laboratories. The formulations and exports are largely to developing nations in CIS, South East Asia, Africa, and Latin America. In the last 3 years generic exports to developed countries have picked up.

Thus, we can conclude that after 1991 there is a huge surplus in balance of trade in pharmaceutical sector and globalisation has not affected negatively to the Indian pharmaceutical sector.

TABLE – 7.2

Growth of Pharmaceutical Exports

Year	Exports
1999-00	15.57%
2000-01	20.73%
2001-02	11.13%
2002-03	21.02%
2003-04	18.24%

Source: 88th IEA, Annual Conference Volume, Part – I, pp. 312-321.

Table 7.2 shows that growth rate of exports of pharma industry was 15.57% in 1999-2000, which increased to 18.24% in 2003-04,

If we talks about the imports than the imports are limited to a few lifesaving drugs like anti-cancer, cardiovascular, anti-hypertension and other newer drugs that are not yet cleared for indigenous production.

- Market Share of MNCs & Local Companies:-

TABLE – 7.3

Year	Share of MNCs	Share of Local Companies
1999	32.06	67.94
2000	29.82	70.18
2001	26.29	73.71
2002	27.61	72.38
2003	27.17	72.77

Source: 88th IEA, Annual Conference Volume, Part – I, pp. 312-321.

From the above table it becomes clear that share of MNCs in total domestic pharmaceutical market was 32.06% in 1999 and it became to 27.17% in 2003, so it shows that share of MNCs in domestic pharmaceutical market has reduce at the other hand share of local companies was 67.94% in 1999 which increased to 72.77% in 2003 which makes it clear that share of local companies in total domestic market has increased.

- Post 2005 Scenario:-

The year 2005 was a landmark in the history of Indian pharma with India becoming TRIPS compliant. The Indian pharmaceutical industry underwent a sea change with the new product patent protection law coming into force from January 1, 2005. it incorporated all the remaining items, which would make Indian Patent Law fully compliant with TRIPS agreement. It repealed the controversial section 5 of the Indian Patent Act 1970, which granted patents only to process inventions in food, drugs, medicines and chemical sectors. But now product patents in these areas are permissible.

It goes without saying that the new patent regime will be a landmark for the Pharma Industry with far reaching implications on the structure and direction of growth besides exposing certain myths and emphasizing the new vistas of opportunities.

A. Myth of High Prices:

Central to the ongoing debate is that drug prices in the domestic market will soar with the production of product under patent and thus the medicines will go out of the reach of the common man but it appears to be overstated by the media as 97 per cent of the medicines now available including 350 life saving drugs are off patent. It is true that prices of few medicines will go up but the myth of high prices in general is mere propaganda and not the truth.

B. Huge Generic Opportunities:

Once the patent on a drug expires it is termed as “generic”. Post 2005, a huge generic opportunity awaits Indian Pharma companies as nearly sixty major brands with global sales of over $ 60 billion are going off patent over the next few years. With a high level of scientific and engineering skills and comparative cost structure, Indian manufactures are in a comfortable position to seize a significant share of this.

Moreover Indian pharmaceutical industry enjoyed a unique advantage of a large market size, indigenously developed technology, and a monolithic scientific manpower, which produced new products by inventing around earlier innovations.

C. Greater Export Thrust:

When we joined the WTO ten years ago Indian Pharma exports were less than 4000 crore rupees. A decade later our Pharma exports are 14,000 crore rupees and account for more than a third of the industry turnover. Out of this, nearly 65 per cent came from formulations and 45 from bulk drugs. It can be seen as a result of our adherence to new patent regime.

D. Our Concerns:

In order to survive in the present WTO regime of patenting the key is to be ‘the first’ in the field of invention and patenting. R.A. Mahleshkar, the Director General of CSIR has rightly coined the slogan ‘patent, publish and prosper’ and has advised that ‘we must patent every new invention before publishing’.

- Threat from China

China is becoming a major competitor to India, especially in exports of active pharmaceutical ingredients (APIs). China's pharmaceutical industry ranks no.7 in the world and is expected to become the world's 5th largest by 2010. China's domestic drug sales have been estimated at about US$8 billion in 2003 and the exports are growing at the rate of about 20% per annum.

The reasons for Chinese competitive advantage are:

1. The electricity costs are lower in China as compared to India. The power costs range from Rs.1.50 to 2.50 per KWH as against Indian cost of Rs.4.5 to 6.0 per KWH.

2. Labour charges are 40% lower in China than India.

3. More favourable labour policies like policy of hire and fire in China.

4. On the whole China is more cost competitive in manufacturing sector.

5. China has already implemented clear intellectual property laws and data exclusivity rules that take it one step ahead of India in attracting foreign players. In 1992, a pact was signed with US, which heralded the Product patent regime coming in force in China.

6. China has established a large number of profit oriented research and development institutions, which are today independent of government funding in contrast to institutions in India, which are mostly dependant on government funding.

7. The Chinese government provides an income tax holiday of 100 per cent for the first two winning years (profit making years) and 50 per cent for the next three years.

8. The companies are also allowed duty free import of capital equipment.

9. Lower turnaround time for ships at Chinese ports make it conducive as a base for exports.

- Advantage to India:-

1. **Competent workforce:** India has a pool of personnel with high managerial and technical competence as also skilled workforce. It has an educated work force and English is commonly used. Professional services are easily available.

2. **Cost-effective chemical synthesis:** Its track record of development, particularly in the area of improved cost-beneficial chemical synthesis for various drug molecules is excellent. It provides a wide variety of bulk drugs and exports sophisticated bulk drugs.

3. **Legal & Financial Framework:** India has a 53-year-old democracy and hence has a solid legal framework and strong financial markets. There is already an established international industry and business community.

4. **Information & Technology:** It has a good network of world-class educational institutions and established strengths in Information Technology.

5. **Globalisation:** The country is committed to a free market economy and globalisation. Above all, it has a 70 million middle class market, which is continuously growing.

6. **Consolidation:** For the first time in many years, the international pharmaceutical industry is finding great opportunities in India. The process of consolidation, which has become a generalized phenomenon in the world pharmaceutical industry, has started taking place in India.

- SWOT Analysis of Indian Pharmaceutical Industry:-

1. Strengths:

   - Cost Competitiveness
   - Well Developed Industry with Strong Manufacturing Base
   - Access to pool of highly trained scientists, both in India and abroad.
   - Strong marketing and distribution network
   - Rich Biodiversity
   - Competencies in Chemistry and process development.

2. Weaknesses:

   - Low investments in innovative R&D and lack of resources to compete with MNCs for New Drug Discovery Research and to commercialise molecules on a worldwide basis.
   - Lack of strong linkages between industry and academia.
   - Low medical expenditure and healthcare spend in the country.
   - Production of spurious and low quality drugs tarnishes the image of industry at home and abroad.
   - Shortage of medicines containing psychotropic substances. There are 4000 such brands of medicines that fall under the Narcotics Drugs and Psychotropic Substances (NDPS) Act,

1985.Under a clause of this Act, the retailer has to sign the consignment note provided by the stockiest. The police check this note regularly to prevent these medicines getting diverted to the drug mafia and they can arrest the retailer if the signatures are under suspect. To protest against this clause, the retailers have stopped stocking these medicines, some of which is life saving.

3. Opportunities:

- Significant export potential.
- Licensing deals with MNCs for NCEs and NDDS.
- Marketing alliances to sell MNC products in domestic market.
- Contract manufacturing arrangements with MNCs
- Potential for developing India as a canter for international clinical trials
- Niche player in global pharmaceutical R&D.
- Supply of generic drugs to developed markets.

4. Threats:

- Product patent regime poses serious challenge to domestic industry unless it invests in research and development
- R&D efforts of Indian pharmaceutical companies hampered by lack of enabling regulatory requirement. For instance, restrictions on animal testing outdated patent office.
- Drug Price Control Order puts unrealistic ceilings on product prices and profitability and prevents pharmaceutical companies from generating investible surplus.
- Lowering of tariff protection
- The new MRP based excise duty regime threatens the existence of many small scale pharma units, especially in the states of Andhra Pradesh and Maharashtra, which were involved in contract manufacturing for the larger, established players.

4. IMPACTS OF MNCs ON INDIAN TEXTILE INDUSTRY:

Textiles and clothing trade among World Trade Organisation (WTO) members is governed by the Agreement on Textiles and Clothing (ATC), which came into force with WTO Agreement on 1 January 1995. This agreement implied that alongside progressive application of General Agreement on Tariffs and Trade (GATT) rules, there would be progressive phasing out of quotas in the EU, US and Canada. These quotas were inherited from the Multifibre Agreement (MFA). After a 10-year period ending on 1 January 2005, the ATC will expire and all quotas will be abolished.

Some believe that phasing out would be for the advantage of India. First, India has the lowest labour costs; Second, large global buyers will prefer countries that offer vertical integration across the textile value chain. This would favour both China and India.

- Significance of the Indian Textile Industry:-

The Indian textile industry is one of the largest and most important sectors in the economy in terms of output, foreign exchange earnings and employment in India. It contributes 20 per cent of industrial production, 9 per cent of excise collections, and 18 per cent of employment in industrial sector, and 4 per cent to the GDP. The sector employs nearly 35 million people and is the second highest employer after agriculture in the country. It contributes 35 per cent of the country's foreign exchange earnings) largest net foreign exchange earner) and 8 per cent of the total excise revenue. Exports in T&C account for 30 per cent of total commodity exports and 45 per cent of India's manufactured product exports. Particularly in 1970s and 1980s India's exports of garments shot up, registering an increase in its export market share from 2 to 17 per cent during this period. In 1994-

95 exports of T&C were $ 9.9 billion or 38 per cent of the export earnings. In 1995-96 it increased to $ 11 billion.

The textile sector also has a direct link with the rural economy and performance of major fiber crops and crafts such as cotton, wool, silk, handicrafts and handlooms, which employ millions of farmers and crafts persons in rural and semi-urban areas. It has been estimated that one out of every six households in the country depends directly or indirectly on this sector.

Textile Industry is providing one of the most basic needs of people and the holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy.

Its vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged is noteworthy.

- Exports of Textiles:-

Exports of textiles and clothing from India have also been growing strongly over the last 10-15 years. Since 1992, Indian textile and clothing exports have grown 7.7 per cent annually; reaching US$ 13.4 billion in 2002 and accounting for 4 per cent of global trade in this sector and this will reach to $ 50 billion by 2010. In 2002, India was the fifth-largest global exporter and the second largest net exporter of textiles and clothing. Cotton based products dominant the bulk of exports.

The dominant markets for India's textile and apparel exports are the US and EU, which together accounted for nearly 83 per cent of exports in 2003. Exports to US have further increased after the Multi Fibre Agreement (MFA) ceased - analysis of trade figures as made available by the US Census Bureau shows that post MFA imports from India into US have been nearly 27 per cent higher than the corresponding period last year. With a consistent growth of nearly 5 per cent in the domestic market and the opening up of exports options post MFA, India's textile industry is poised to grow further and take up a more significant position in the domestic and global markets. The industry's growth is aided by several key strengths. .

- Advantages to India:-

India's strong performance and growth in the textiles sector is aided by several key advantages that the country enjoys, in terms of easy availability of labour and material, buoyant and large market demand, presence of supporting industries and supporting policy initiatives from the government. These advantages can be exhibited in the following discussion.

1. Ample low priced supply of domestically produced cotton - this is a significant advantage that is currently not matched by other key countries with competitive labour costs, including China and Brazil. India not only has the largest acreage under cotton cultivation, but also produces nearly twenty-three varieties of cotton. This diversity makes India capable of catering to various segments in the world trade. Further, this inherent strength in raw material availability prevents any supply side shocks.

2. Predominance of small-scale units with skilled workmen – provides increased flexibility in production.

3. Availability of low cost skilled labour - provides a significant advantage for the textile industry in India in terms of increased productivity at lower costs.

These strengths offer significant advantages for the industry, which are discussed below.

1. Low costs:

   India has significantly lower raw material costs, wastage costs and labour costs when compared to other countries. In India labour cost, as a percentage of total cost in the production of textile is only 6%, while it is very high in Germany i.e. 69% of total cost of production.

2. Manufacturing flexibility:

   The fragmented industry structure and small average scale of operation in India's textile industry has created the capability for enhanced flexibility in production. Indian firms are used to handling small-runs, and have skilled manpower with the ability and willingness to work on complex designs. Therefore India has the ability to produce not only large orders but also smaller and complex orders. In contrast, the textile industry in other countries, like China are more industrialized, and production lines are mostly geared to handle relatively simple designs that can be easily broken down and mass-produced. The flexibility offered by India's textile industry can be a significant advantage for the fashion industry, which typically demands small lots of complex designs. India also offers flexibility in its ability to handle different materials such as cotton, wool, silk and jute, with equal skill. These advantages also enable the Indian industry to produce high value customized apparel that is increasingly finding demand in several exports markets.

3. Lower lead times:

India is one of the few developing countries today with a fully developed textile value chain extending from fibre to fabric to garment exports. The presence of capabilities across the entire value chain within the country is an advantage as it reduces the lead-time for production and cuts down the intermediate shipping time. Indian textile firms have leveraged this advantage to integrate their operations, either forward or backward. For example, Arvind Mills, the largest producer of blends and denim in the country and the third largest denim producer globally, supplies fabric to virtually every major clothing brand in the world, such as Levi's, Gap, Dockers and so on. Three years ago it integrated forward into garment manufacturing (jeans and T-shirts), investing more than $30 million in ten new factories.

4. Favourable demand conditions – large, growing domestic market:

Demographic trends in India are changing, with increase in disposable income levels, consumer awareness and propensity to spend. According to NCAER data, the Consuming Class, with an annual income of US$ 980 or above, is growing and is expected to constitute over 80 per cent of the population by 2009-10. There is a change in the consumer mindset that has led to a trend of increased consumption on personal care and lifestyle products as well as branded products. These trends offer great growth opportunities for companies across various sectors, including textiles. Supporting the increasing demand for consumption is the revolution-taking place in India's retail sector. Organized retail is playing a key role in structuring the Indian domestic market, reinforced by the rapid rise of supermarkets, malls, theme stores and franchises across urban India. India thus presents a large and vibrant market for textiles and apparels, with a potential for sustained growth.

5. Strong presence of related and supporting industries:

Well established supporting industries and institutions that provide inputs and expertise to the industry in terms of design, engineering and machinery support India's textile industry.

6. Product development/ design:

India has built adequate infrastructure throughout the various stages in textile development, that is, design, sourcing, merchandising and production. Apart from institutes such as NIFT (National Institute of Fashion Technology) and Apparel Training Institutes, there are several colleges, including the Indian Institutes of Technology and National Institutes of Technology that offer courses in Textile Engineering. Thus, India has the infrastructure in place to produce qualified and skilled manpower in areas of textile design and engineering Indian firms have leveraged this strength to develop a competitive advantage – the ability to contribute to the design, not only in preparing samples and prototypes, but also in translating concepts into varieties of finished designs, as well as introducing designs of their own. Several Indian firms have their own design departments and in the last five years have begun to work closely with overseas designers and/or agents. High value, up-market specialty buyers such as Gap, Banana Republic and J. Crew value such expertise and have been leveraging this while buying from India.

7. Textile machinery:

The Indian textile engineering industry, which began as an offshoot of the textile industry, is today reckoned as the largest segment in the country. Indian textile machinery manufacturers are able to produce at competitive prices sophisticated machines of higher speed and production capability.

8. Industry competition – promotes innovation:

    Despite a large and growing market, the presence of a large number of small-scale players makes the Indian textile Industry highly competitive. A number of MNCs have also entered India in different areas. The high level of competition in the industry impels the firms to work to increase in productivity and innovation. India today is one of the lowest cost manufacturers of quality textiles, not only due to its inherent strengths, but also because industry rivalry has prompted firms to focus on quality improvement, cost reduction and productivity increase.

- SWOT Analysis of Indian Textile Industry:

1. Strengths:

    - Presence across Value Chain
    - Good Managerial Skills
    - Entrepreneurial Culture
    - Sense of Commitment by Government
    - Customised Lost Sizes and Fashion Products
    - Abundant Raw Material Availability
    - Lost Cost Skilled Labour

2. Weaknesses:

    - Low Productivity
    - Delivery Delays
    - Lack of Infrastructure Facilities
    - Lack of Consolidated Facilities to Have a Vertical Set-Up
    - Quality Control
    - Technological Obsolescence
    - Lack of Long Term Strategy
    - Labour Issues

3. Opportunities:

   - Investments Gearing Up for Modernization and Expansion
   - “Made in India” Building a Creative Perception
   - Retailing
   - Exploring New Markets
   - Private Branding Development
   - Apparel Parks

4. Threats:

   - Quantitative Restrictions
   - Social Clause and Core Labour Standards
   - Environmental Issues
   - Lobbying by Traders against Ending Quotas
   - Competitive Neighbours

India’s textile industry is an attractive sector that is poised for higher growth. The industry enjoys significant advantages, aided by India’s key strengths in availability of raw materials, labour, domestic market and supportive government policies. While the domestic market has been growing consistently and offers attractive growth potential, exports are poised for a quantum increase after the removal of quotas under MFA.

The industry is also undergoing transformation, determined by a few key trends. While the structure is predominantly of small scale, unorganised player; de-reservation and the removal of quotas have led to the growth of vertically integrated, large-scale units as well. India thus has the potential to be a significant player not only in complex, customised designs, but also in low cost mass production. Mass customisation may well be a key differentiator for the industry in future.

5. INDIAN MULTINATIONAL COMPANIES:

India Inc. is flying high. Not only over the Indian sky. Many Indian firms have slowly and surely embarked on the global path and lead to the emergence of the Indian multinational companies.

With each passing day, Indian businesses are acquiring companies in abroad, becoming world-popular suppliers and are recruiting staff cutting across nationalities. While an Asian Paints is painting the world red, Tata is rolling out Indicas from Birmingham and Sundram Fasteners nails home the fact that the Indian company is an entity to be reckoned with.

Yet another set of parameters indicate the exciting rise of Indian multinationals. Every year, the number of Indian companies in the list of Fortune 500 companies is rising. In fact, if the purchasing power parity method is used to calculate the size of Indian companies, there will be far many more than the present five! Every year, more and more Indians are joining the list of billionaires in Forbes magazine. In fact, as many as 33 Indian companies, including ONGC, BHEL, State Bank of India, Reliance Industries and Tata Steel, figure in the Forbes list of 2,000 biggest public companies of the world.

Among the 33 companies, ONGC is on the top at 256 with a net profit of US$3,282 million, followed by Mukesh Ambani- controlled Reliance Industries (US$1,746 million).

In the Asia-Pacific region, Japan has topped the list with 320 companies followed by China-Hong Kong combine with 64 companies, while two companies from Pakistan figure in the list.

According to the survey, "the home offices of the world's biggest public companies span 55 nations, but more than half can be found in the United States of America, Japan and the United Kingdom."

Among the Indian companies, nine nationalised banks including State Bank of India, Punjab National Bank, Bank of India, UCO Bank and Indian Overseas Bank figured among the list of biggest public companies.

There is something even more fascinating about the rise and rise of Indian multinationals. There is a myth that only Indian IT companies are multinational. In fact, it is manufacturing companies that are going global and multinational with a vengeance. And to say that manufacturing is India's Achilles heel!

The rate, at which things are going, that may not be very far fetched! And the next ten years could well be the story of the rapid emergence of globally powerful Indian multinationals.

What exactly is bringing about this almost magical transformation in corporate India? As stated earlier, when the first whiff of global competition wafted in, with economic reforms beginning 1991, even optimistic analysts found it very difficult to say with any degree of confidence that Indian companies, business families and entrepreneurs would survive even the decade of 1990s. In fact, one of the most talked about story in those years was the imminent death of Tata Steel – then known as TISCO. Cheap imports from Eastern Europe were ravaging the bottom line of the economy. It was saddled with old technology, a huge and relatively unproductive workforce and poor product quality (no analyst would now dare to write premature obituaries for Tata Steel now!). Most Indian companies suffered from the same weaknesses. Quality was shoddy, productivity was low, cost of capital as well as raw material was very high, access to capital was limited and most Indian companies had virtually no clue about global markets.

Despite these overwhelming odds, Indian companies not only survived global competition, but have actually emerged as predators in their own right.

- Some instances:

1. Tata Motors sells its passenger-car Indica in the UK through a marketing alliance with Rover and has acquired a Daewoo Commercial Vehicles unit giving it access to markets in Korea and China.
2. Hero Moped saw the market potentiality in China where people are shifting from cycles to mopeds. If it exports mopeds from India, it has to pay 70 per cent duty and its mopeds would not remain competitive. So the company has preferred to manufacture moped in China itself and saved 70 per cent duty and maintained the competitiveness of product.
3. Dabur has also preferred to establish its manufacturing facilities in Dubai, Oman, etc. instead of exporting form India for the same reason.
4. Espat also has its manufacturing plant at Mexico. From there it exports to other countries with some cost saving and tariff advantage.
5. Birla group has recently acquired a stake in wood-pulp factory in Canada to get the cost benefit of nearly 70%.
6. Ranbaxy is the ninth largest generics company in the world. An impressive 76 percent of its revenues come from overseas.
7. Dr Reddy's Laboratories became the first Asia Pacific pharmaceutical company outside Japan to list on the New York Stock Exchange in 2001.
8. Aurobindo Pharma is already part global with eight subsidiaries across the world, two JVs in the US and a new acquisition in China. Half of its revenues come from exports, which accounted for 47 percent of the total sales in 2002-2003. This strength is derived from its strong presence in emerging markets of Asia, Brazil and Latin America.
9. Asian Paints is among the 10 largest decorative paints makers in the world and has manufacturing facilities across 24 countries.

10. Small auto components company Bharat Forge is now the world's second largest forgings maker. It became the world's second largest forgings manufacturer after acquiring Carl Dan Peddinghaus a German forgings company last year. Its workforce includes Japanese, German, American and Chinese people. It has 31 customers across the world and only 31 percent of its turnover comes from India.
11. Essel Propack is the world's largest manufacturers of lamitubes - tubes used to package toothpaste. It has 17 plants spread across 11 countries and a turnover of Rs 609.2 crore for the year ended December 2003. The company commands a staggering 30 percent of the 12.8 billion-units global tubes market.
12. About 80 percent of revenues for Tata Consultancy Services come from outside India. This month, it raised Rs 54.2 billion ($1.17 billion) in Asia's second-biggest tech IPO this year and India's largest IPO ever.
13. Infosys has 25,634 employees including 600 from 33 nationalities other than Indian. It has 30 marketing offices across the world and 26 global software development centres in the US, Canada, Australia, the UK and Japan.
14. Sundram Fasteners is not merely a nuts and bolts company. It believes in thinking out of the box. Probably that is why it decided to acquire a plant in China. The plant in Jiaxin city in the Haiyan economic zone has ensured one fact: that its customers who were earlier buying Sundram products in Europe and the US, did not have to go far from home to access the product.

It's not only the private sector that is in aggressive mode. Even public sector units are rearing their heads to join the global Indian takeover race though for different reasons.

15. In the last two years, ONGC has become a valuable company with a market capitalization of Rs. 122,000 crore. Now it wants to build bigger energy assets, both in India and abroad.

16. The reasons IOC has for going global are, in comparison, more market-driven. Its chairman M.S. Ramachandran feels that Southeast Asia and Africa offers great opportunities for the corporation.

The list continues to grow. It has taken India fourteen years to evolve from a basket case to a thriving emerging economy. It could take much shorter than 14 years for the country to join the league of developed nations.

Most corporate captains admit privately in hindsight that the process of gradually reducing import tariff barriers was a big help. It gave time to Indian companies to restructure their operations to be better able to fight global competition. Of course, many inefficient Indian companies and business families did fall by the wayside. But the inherently strong ones did get time to reorganize. Tata Steel is a classic example. Though steel imports were allowed more liberally after 1991, import tariffs were not slashed immediately to the levels that International Monetary Fund (IMF) and free market fundamentalists would have linked. Saddled at that time with a bloated workforce of about 200,000 and old technology, Tata Steel went on a massive restructuring drive in the 1990s. The workforce has been halved by now, to less than 100,000 and Tata Steel is now rated as one of the lowest cost producers of steel is emerging as a steel multinational in its own right. It has acquired Singapore based Natwest Steel for about $300 million, and has inked an agreement with Iran for a 5 million ton gas based steel plant to be set up in that country. It is also on the verge of an agreement with Bangladesh for a 5 million ton gas based steel plant, and is scouting the world for mid level acquisitions. In fact, the confident CEO of Tata steel, B. Muthuraman announces, “We can beat the hell out of the Chinese in steel”.

Even as these fundamental changes were sweeping across the Indian economy in the 1990s, the IT sector literally came up from nowhere and captured the global imagination. The turning point was 1999, when the entire world was gripped by the so called Y-2K crisis that threatened to destroy computer networks across the world suddenly, thousands of Indian geeks were all over the world, racing against time, to fix the problem. This was a decisive moment for Indian IT – TCS, Infosys and Wipro to name just a few, and for Indian companies overall. The performance of Indian IT professionals and companies finally convinced the world that India can deliver world class quality at competitive prices. It also convinced Indian companies in manufacturing that even they can take on global competition. So, it is not surprising that auto components companies like Bharat Forge and Sundaram Fasteners, among others have set a blistering pace of global growth in the 21st century.

Even as Indian multinationals of all hues begin to flower, an accident of history is going to give them a huge competitive edge in the next 10 to 20 years. Demographics will ensure that India has the youngest working age population in the world-with more than 65% of the population between age 18 to 35 in the next two decades. No other country in the world will have access to this talent pool. And no matter how rapidly the Indian economy grows, labour costs in India will continue to be far below Europe, North America and Far East Asia. Add the power of intellectual capital to unmatched labour cost advantages and you get a combination that is not just formidable, but also unbeatable.

6. MERGERS AND ACQUISITIONS:

The country is currently witnessing one of the highest apex cycles, with most companies aggressively building capacities to cater to the growing domestic and global markets. Besides putting up Greenfield projects, Corporate India stepped up mergers and acquisitions (M&As) in 2005 to accelerate the process of consolidation. The buoyant equity markets have helped Indian companies to raise resources, both debt and equity, in the domestic and overseas markets as well to acquire companies here and abroad.

A recent Tata's acquisition of Corus has put the country on a fast track to scale up among the world's elite club.

A recent study revealed that Indian companies between 2000 and 2006 made over 300 acquisitions. Together these were in excess of $20 billion. Indian firms could actually be buying over 370 firms every year in the US and Europe.

The M&A (mergers and acquisitions) service of the CMIE (Centre for Monitoring Indian Economy) reported that investment abroad by Indian companies in 2002-03 was $1,048 million. In 2003, there were 75 cross border M&A acquisitions by Indian firms, up from 36 deals in 2002.

Indian firms have about 440 investments / joint ventures in the UK, mostly technology-oriented. India is the eighth largest investor in UK. In Singapore there are 1,441 Indian companies, 450 of which are technology enterprises. The top 92 Indian-American owned companies in the US generated business of $2.2 billion and provided full-time employment to about 19,000 in 2002. Indian companies have acquired 120 foreign firms in the period 2001-2003 worth $1.6 billion.

Seven Indian companies are listed on the NYSE and three on NASDAQ. There are over 15 companies listed on the London Stock Exchange. In January 2004, the government removed the $100 million cap on foreign investment by Indian companies and raised it to the net worth of the companies.

In fact, with over 75 Indian companies spreading their wings, creation of an Indian MNC index is in the offing. According to industry sources, Harvard University professor Tarun Khanna and IIM Bangalore professor Ramachandran are evolving an Indian MNC index that will help determine to what extent Indian MNCs have globalised their organisations.

G Ravishankar, vice-president and head strategic advisory and M&A group of Meghraj Financial Services India, who is working on several

Indian assignments said, "The transition is rapid. We are seeing a mind set shift among several Indian companies. Indian companies have realised the competitive advantage of having large operations. That's why many companies are acquiring firms outside India and transmit the service part of the business here."

According to a senior analyst with Earnest & Young, Indian companies have come out of the pain, focusing on productivity and profitability. Top line companies are cash rich. The big boost has come with financial reforms and a strong rupee. The action is now mainly in the automotive, auto components, pharmaceuticals, IT and food business.

In 2004, Indian companies reported 60 cross-country acquisitions. According to KPMG, Indian companies shelled out $1.7 billion in the first eight months of 2005 for acquiring 62 overseas companies. While the IT sector, banking and financial services and pharmaceutical companies were the most active in M&A deals. Indian IT companies concluded 13 deals worth $89 million.

“Indian domestic corporations are aiming to become Indian MNCs and are keen to expand their reach to the global market,” says Samir Gandhi, Partner, Deloitte Haskins & Sells, on the spurt in M&As by Indian companies.

The largest overseas deal was the Videocon group’s acquisition of Thomson’s colour picture tube business in China, Poland, Mexico, and Italy for $ 290 million. The deal was paid for by and issue of shares in two Videocon companies - International (consumer durable) and Videocon Industries (oil and gas exploration).

Policy initiatives by the government have given a fillip to the process of overseas acquisitions. In January 2005, the Indian government removed the $100-million cap on foreign investment by Indian companies and raised it to the net worth of the companies. Since then, the trickle of foreign investment abroad has turned into flood.

But M&As is not a one-way street. Even major foreign players are active in scooping Indian companies to gain an entry or consolidate position. "Multinational Corporation corporations have realized that they need to consider India's booming economy along with China not as an option, but as a necessity," says Gandhi. The major acquisitions of Indian companies by MNCs in 2005 included Hutchison's acquisition of BPL's mobile business, Oracle's acquisition of i-flex Solutions, and Vodafone picking up a stake in Bharti Tele-Ventures.

Many Indian companies have well a track record of managing the acquired foreign entities one example is Tata Tea's acquisition of Tetley in the UK and of pharma companies in US and Europe by Indian companies.

Following is a brief recap of M&As in different sectors in 2005.

- IT and BPO:

  M&A deals in the Indian IT and BPO sector were largely driven by the need to acquire bigger scale, provide better client interface, wide varieties of services lines and venture into the newer geography to provide access to new customers. More than 60% of the deals in this sector were in the Banking, Financial Services and Insurance (BFSI) space.

  In 2005, TCS made two acquisitions in the BFSI space. FNS Financial Net work Services for $23 million and Comicrom, a chile-based banking and pensions BPO major for $26 million. This acquisition will help TCS to strengthen the range of asset-based solutions for the growing BPO business in the insurance and banking sectors.

  Another acquisition, which can be termed as the BFSI deal of the year, was the $909-million takeover of i-Flex solution space, by the world's by the world's third –largest software maker Oracle.

3i Infotech, which is mainly focused on the core-banking sector and a market leader in Middle East for its products, made three acquisitions in 2005 to increase its portfolio: SDG, a Hyderabad – based software products company, for $2.2 million; IBS (Innovative Business Solutions) for $3.6 million; and Formula Ware for $0.6 million.

Scandent Solutions merged with Cambridge Solutions, an erstwhile subsidiary of the US-based Aon Group, which it had taken over recently.

Indian software giant Wipro acquired Austria-based New Logic, mainly engaged in the semiconductor intellectual property (IP) and the engineering design services businesses, including the analog mixed signal business. This acquisition will help Wipro to get greater traction in the wireless LAN and Bluetooth space. More recently, the company signed a definitive agreement to acquire m-Power Inc; a US-based privately held company, for an all-cash consideration of $28 million.

Visual Soft Technologies merged the Indian operations of App-Labs privately held company specializing in software testing, and E-solutions, a Chennai-based software products company, with itself.

KPIT Cummins acquired SolvCentral.com a US-based company providing business intelligence solutions, and Pivolis, a French firm offering offshore consulting services.

- Financial Services:

Anil Ambani's acquisition (through holding company AAA Enterprises) of a controlling stake in Reliance Capital for Rs. 25.6 billion ($587.8 million) was the largest deal in the financial sector.

Another large bank merger that took place was the merger between Centurion Bank (CEB) and Bank of Punjab (BOP) to form

Centurion Bank of Punjab (CBOP). The merged entity is well capitalized. BoP has a strong presence in north India and CEB in west and south.

Among non-banking financial companies (NBFCs), truck finance companies of the Shriram Group, Shriram Investments (SIL) merged with Shriram Transport Finance Company (STFC).

Tata Group flagship company Tata Motors took over Tata Finance, a non-banking finance company, promoted by Tata Industries.

State Bank of India (SBI) made three overseas acquisitions: a 51% stake in Indian Ocean International Bank in Mauritius for $8 million in February 2005, a 76% stake in Indonesian bank PT Bank IndoMonex. The acquisitions made by SBI are either consolidation or entry strategies.

ICICI Bank purchased the entire paid up capital of Investitsionno-Kreditny Bank (IKB) in Balabanovo in the Kaluga region with a branch in Moscow and a total assets base of about $4.4 million as of March 2005. The acquisition was made to gain entry into Russia.

- Pharmaceutical:

Lack of research and development (R&D) productivity, expiring patents, generic competition and high profile product re calls are driving M&As in the sector.

Many local players have expanded their global reach through the M&A route (i.e., by acquiring overseas units), particularly in the US and Europe market. For instance, Matrix Laboratories recently acquired a controlling stake in Concord Biotech, an Ahmedabad-based biotechnology company with fermentation and bio-catalytic technology capabilities and US FDA-approved active pharmaceutical ingredients (API) manufacturing facilities.

Matrix has also taken over Docpharma NV, a Belgium-based US $263 million pharma company, which was the largest – ever acquisition executed by an Indian pharma company.

Along side, Matrix has acquired the controlling stake of about 60% in Mchem, a China-based manufacturer, and a 43% state in Explora Laboratories S. A, a technology platform company based in Mendrisio, Switzerland.

Likewise, Nicholas Piramal India (NPIL) acquired Avecia Pharmaceuticals, a UK-based custom manufacturing company, and Torcan Chemical (a group company of Avecia Pharmaceuticals) for about Rs 760 million.

Also, NPIL has taken a stake in Bio-Syntech, a Canada-based biotechnology company specializing in discovery and development of therapeutic thermo gels for regenerative medicines.

Glenmark Pharmaceuticals acquired Bouwer Bartlett Pty, South African sales, and marketing company. It has already acquired an Argentine marketing company Servycal SA, with strong focus in oncology portfolio.

Sun Pharma took over ICN company, a Hungary-based pharmaceutical company from Valeant Pharmaceuticals International, US. Subsequently, it acquired a manufacturing facility of Valeant Pharmaceuticals International in Bryan, Ohio, US, as part of its plans to accelerate drug filings in the American generic market.

Jubilant Organosys acquired Trinity Laboratories Inc along with its wholly owned subsidiary Trigen Laboratories Inc, the US-based generic pharmaceutical companies.

Jubilant Organosys also took over Target Research Associates Inc, a US-based full service clinical research organization (CRO). This is the first-ever acquisition of a US CRO by an Indian company and makes the company and makes the company the largest Indian CRO with operation in India and US.

- Telecom:

One of the largest deals in the telecommunications space in India involved the Hong Kong-based Hutchinson telecommunications. Hutchinson had so far operated in separate joint ventures in the various telecom circles where it provided mobile telephony services in India. Hutchinson's joint venture partners – the Essar group, the Kotak Mahindra group and the IndusInd group – sold their stakes in three Hutch mobile telecom service operating companies – Hutchison Essar Telecom, Hutchison Telecom East and Fascel, for Rs 30.1 billion ($691 million). This was affected by a fresh issue of shares to these three groups in Hutchison Max Telecom.

Also, Vodafone's 10% stake in Bharti Tele-Ventures for £841million was one of the major deals in the telecom industry. Sing Tel increased its stake in Bharti Telecom from 26.96% to 32.8% for Rs 10.9 billion ($252 million). Bharti Telecom is the holding company in Bharti Tele-ventures and, hence, Sing Tel now effectively owns 15.22% of Bharti Tele-Ventures.

The Rs 17.5-billion ($390 million) acquisition of a 48% stake in Idea Cellular announced in 2004 by Singapore Technologies Telemedia and Telekom Malaysia, of which 33% was via a sale AT & T and the rest via a preferential allotment, had the rest via a preferential allotment, had to be called off due to non-receipt of regulatory approvals.

VSNL received conditional approval from the Committee on Foreign Investment in the US to acquire a Tyco International's fiber-optic cable unit. The deal, made in November last year, was for $130 million and will give India's leading telephone and Internet service provider control of a 60,000-km network spanning Asia, Europe and North America.

VSNL also acquired Teleglobe International Holdings for $239million including an assumed debt of $61million and the transaction price of $178 million for a 100% stake in the Bermuda-based Teleglobe, which has most of its operations in Canada. These deals will help VSNL in international growth.

- Steel and forging:

The consolidation effect can be seen in the steel industry, too. Sail's merger with Iisco's will help Sail to access Iisco's large iron ore reserves, resulting in significant cost savings as well as tax savings for Sail on account of huge accumulated losses of Iisco.

In one of the overseas expansion, Tata Steel completed its acquisition of Singapore's largest steel company, NatSteel Asia, which has a two million tonne steel capacity with presence across Singapore, Thailand, China, Malaysia, Vietnam, the Philippines and Australia. With this acquisition, Tata steel plans to explore opportunities within these seven countries in which it operates and is also looking at other emerging markets in Asia.

Further, Tata Steel recently acquired the largest steel company in Thailand with a capacity of 1.7 million tones, producing long product for construction and engineering steel for auto industries. It has three operating facilities in Saraburi, Rayong and Chonburi province.

JSW Steel's (earlier known as Jindal Vijaynagar Steel) merger with Jindal Iron & Steel has created an integrated steel company. Previously, sales by JSW Steel were in the form of hot rolled coils (HRC). After the merger, due to more value addition, around 40% of its turn over came from sales of value-added products such as cold rolled coils (CRC) and galvanized products.

- Food &FMCG:

Vijay Malllya's UB Group (through group entities Mc Dowell & CO, Phipson Distillery, United Spirits and United Breweries Holdings) acquired a controlling stake in the Jumbo Group's Shaw Wallace & Company for Rs 16.2 billion ($371.6 million). The deal is made up of an acquisition of a 50% stake from the promoters (including non-compete premium), a tender offer for an additional 25% from other shareholders, and the acquisition of two distribution subsidiaries.

The other Jumbo Group Company to be sold was Shaw Wallance Breweries. SAB Miler increased its stake by 50% points to 99% in the company through its Indian subsidiary, Mysore Breweries. The stake was held by Shaw Wallance & Company and, hence, had SAB Miller not undertaken this acquisition, Shaw Wallance Breweries would effectively have been an joint venture between two rivals- UB and SAB Miller.

- Cement & cement products:

With the 8% plus expected increase in demand and limited greenfeld addition, consolidation in the Indian cement industry is gaining momentum.

After L&T Cemet's takeover by Grasim, it was the turn of the $9.4 billion Zurich-based Holcim, the world's second-largest cement producer with a 140 million –tonne capacity to participate in India's growing cement industry with the acquisition of a 67% stake in Ambuja Cement India for $810 million and, there by, indirectly taking a stake in India's largest cement and player ACC.

Also, in order to be a focused cement player, ACC merged its subsidiaries. Bargarh Cement acquired for Rs. 26.85 crore in March 2004, with a capacity of 9.60 lakh tones and Damodhar Cement Slag (with a grinding capacity of 5.25 lakh tones) with itself on 1 April 2005.

JP Morgan bought 25% in Binani Cements (a major player in Rajasthan) for RS. 250 crore.

IVRCL Infrastructures & Projects acquired 70% of the shareholding of Hindusthan Dorr-Oliver (HDO) in accordance with the share purchase agreement entered into with Jumbo World Holdings and Firestorm Finance & Trading Pvt. HDO is now the subsidiary of the company.

Hyderabad Industries (HIL), with a 48.11% stake, amalgamated Malabar Building Products (MBPL) with itself from 1 April 2005. the ration for amalgamation decided was 29 shares of HIL for every 100 shares of MBPL.

- Soda Ash:

Tata Chemicals (TCL) was the front-runner in acquisitions. The company recently entered in the agreement with UK based Bruner Mond, which is one of the largest soda ash players in Europe, to acquire a majority stake of 63.5% for Rs 508 crore. Brunner Mond is TCL's second acquisition in 2005. It had earlier acquired Indo Maroc Phosphore of Morocco for Rs 166 crore in March.

Gujarat Heavy Chemicals (GHCL) joins the expansion rally with domestic expansion from six lakh tones per annum to 11 lakh tones and global acquisitions of majority stake (65% now and remaining

35% in due course through public announcements) in Romania-based Company SC Bega Upsom, with capacity of around seven lakh tones.

GHCL, which also has a textile segment, recently acquired a 90% stake in US-based Dan River. The equity cost of acquisition will be $17.5 m.

In this following table, I have listed only Indian takeovers of foreign companies, not the many new factories that Indian companies are putting up overseas.

India Inc on a Buying Spree		
Company	Acquisition	Price (in $ millions)
Reliance Industries	Flag Telecom, Bermuda Trevira, Germany	212 95
Tata Motors	Daewoo, Korea	118
Infosys Technologies	Expert Information Services, Australia	3.1
Bharat Forge	Carl Dan Peddinghaus, Germany	NA
Ranbaxy	RPG (Aventis) Laboratories, France	NA
Wockhardt	CP Pharmaceuticals, UK	18
Cadila Health	Alpharma SAS, France	5.7
Hindalco	Straits Ply, Australia	56.4
Wipro	NerveWire Inc, US	18.5
Aditya Birla	Dashiqiao Chem, China	8.5
United Phosphorus	Oryzalin Herbicide, US	21.3

Source: The Indian Multinational.htm

Today, it has become a reality. The trend began haltingly a few years ago. In 2000, Tata Tea took over a global company twice its size, Tetley Tea, the second biggest tea company in the world. This was a leveraged buyout. That is, global financiers provided the funds to enable an Indian minnow to take over a global whale. Far from being a force of neo-colonialism, global finance is now helping smaller Indian companies to acquire much larger global ones.

Next, Essel Packaging, owned by Subhash Chandra, took over Propack of Switzerland to form Essel Propack. The merger created the biggest producer in the world of laminated tubes, and an Indian MNC became global number one.

But these takeovers remained exceptional events till 2003. Only in that year did the pace of Indian takeovers accelerate so much as to constitute a new trend, one that the world must sit up and take notice of.

According to one source, more than 40 foreign companies were taken over by Indians last year. Just consider the main examples given below.

Sterlite, the successful bidder for the privatisation of Bharat Aluminium and Hindustan Zinc, has become a true multinational by acquiring copper mines in Australia. It has also been short-listed as the preferred bidder for buying a 51 per cent stake in Konkola Copper Mines; the biggest government-owned mine in Zambia.

Readers might think that only the biggest Indian companies can get into the global takeover game. This is simply not so. Many middle-sized companies, which readers may not even have heard of, are becoming multinationals through foreign acquisitions.

Sundaram Fasteners, whose production line includes humble items like radiator caps, nuts and bolts, has acquired Dana Spicer Europe, the British arm of a global multinational. Separately, Sundaram Fasteners is setting up a plant in China to take on the mighty Chinese.

Amtek Auto, another auto ancillary that came up in the 1990s, has just acquired the GWK group in the UK, which is twice its size. Indian auto ancillary companies are sweeping world export markets and in the process acquiring MNC rivals that cannot compete.

After 30 years of supplying components to UK-based SPP Pumps, Kirloskar Brothers has now acquired a majority stake in the British company. Truly, this is a case of the empire striking back.

When India began globalising in 1991, the Indian left howled that this would mean the wholesale takeover of Indian companies by foreign multinational companies (MNCs). When liberalisers like me suggested that globalisation would equally mean the takeover of foreign companies by Indian multinationals, we were viewed with amusement as some sort of creatures from outer space.

So entrenched was the notion of Indian inferiority and foreign superiority that the very thought of Indian companies taking over global ones was regarded as science fiction.

I do not wish to bore readers by converting this column into a long, seemingly endless list. Yet, the lengthy and seemingly endless nature of our global takeovers cries out for attention.

Again, I have left out of my list a large number of foreign software and BPO companies that are regularly being acquired by top Indian companies. I have concentrated on manufacturing, where Indians are supposed to be least competitive.

The left is correct in saying that globalisation implies the takeover of Indian companies by MNCs, but wrong in implying that takeovers are a one-way street.

The global system is no longer rigged by and for white men. Indians can use it no less than Americans to leverage their talent to create global corporate empires. The process has begun.

7. CONCLUSION:

The Indian corporate sector is on the prowl. Few would have thought that Indian companies would dare to go beyond its shores and acquire companies. But the 'unthinkable' is happening. Buoyed by an upbeat economy, corporates around the country are planning to make those great move forward - acquiring companies globally to enhance their international competitiveness.

In the first eight months of 2005, Indian companies paid $1.7 billion - more than four times that the amount for all of 2001 - for 62 overseas companies, according to the accounting firm KPMG. Indian firms are truly becoming global and if the trend continues, we will have a host of homegrown multinational companies operating all around the world. What are the reasons for this sudden surge in India Inc's global acquisitions? For one, the easy availability of dollars in India, as a result of the government's policy of economic liberalisation which began in 1991, has made is much easier for companies to go global. In 1991, India had less than $1 billion in reserves and today; the country is flush with foreign reserves, totalling $140 billion. Second, many of the regulations and controls, which made it difficult for Indian companies to operate internationally, beyond exports, have been lifted. A third reason is also the big change in mindset that comes about as a result of greater exposure and increased competitiveness. As corporates have successfully faced the challenges of competing on foreign turf, they have matured and grown in self-confidence. Meanwhile, more and more USA and other global private equity firms are giving Indian companies funding for acquisitions in the West. It was the Tata Group's Tata Tea that began the trend when it acquired the UK's famous brand, Tetley Tea, for $430 million four years ago. The deal made Tata Tea the world's second largest tea company and remains the biggest Indian acquisition abroad. Taking the cue from the Tata's, other Indian companies began expanding their business overseas.

While Indian companies' acquisition of foreign firms is on the rise, it still has a long way to go before it can reach the level that Chinese companies already have: the Chinese acquisitions involve buyouts running into billions of dollars. But bankers argue that in contrast with China's state-backed globalising companies, heavily reliant on cheap domestic production, the Indian acquisition model is the result of the country's entrepreneurs evolving into global players on their own steam. India’s private banking system and open capital markets force better are the foundations on which Indian acquisitions are based and therefore have much more financial discipline. Indian companies' strengths lie in its widely acknowledged world-class managerial talent. The growing trend of thousands of professionals returning home after long stints overseas is expected to add more power to Indian corporates that are expanding globally.

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CHAPTER – 8
PROBLEMS AND SOLUTIONS

> "Globalisation is ultimately a major force for good and, indeed, if adequately backed by nation's politics, it can be a major force of prosperity in the world".
>
> – A.K. Sen*

1. INTRODUCITON:

Since the dark days of 1991, India has come a long way. It has healthy foreign exchange reserves (despite high levels of domestic debt), a booming software and services export market, and a burgeoning knowledge economy. Clearly India has tremendous potential to benefit from globalisation, but there is also consensus that the challenges confronting Indian development are substantial, even daunting. India remains handicapped by enormous infrastructure and institutional (labour and capital) constraints. The question is not whether India has not begun to produce an impressive record in growth, employment, and poverty reduction, but rather how to overcome the obstacles impeding even faster progress, as the global economic system becomes increasingly competitive.

2. REASONS FOR LOW GROWTH RATES:

- Reasons for low economic growth

Generally speaking, economic performance is measured by economic growth of GDP. It would not be out of place to mention here that the average rate of increase in the national income during the first

* Mohanty, Pragati (2003): "Amartya Sen – The Nobel Economist", in Ajit Kumar Sinha and Raj Kumar Sen (ed), Economics of Amartya Sen, Deep & Deep Publications Pvt. Ltd, New Delhi, pp.57.

three decades of planning (1950-51 to 1980-81) had remained at a level around 3.4 per cent and per capita income at about 1.3 per cent per annum. It was this static and stagnant growth rate, which was termed as a 'traditional growth rate' or 'Hindu Growth Rate' by economists like Prof. Rajkrishna.

However, the growth rate accelerated to 5.6 per cent during the next 10 years, i.e. from 1980-81 to 1990-91 and stayed at this level in the final decade up to 2001.

According to some experts, the share of the US in world GDP is expected to fall (from 21 per cent to 18 per cent) and that of India to rise (from 6 per cent to 11 per cent in 2025), and hence the latter will emerge as the third pole in the global economy after the US and China.

By 2025 the Indian economy is projected to be about 60 per cent the size of the US economy. The transformation into a tri-polar economy will be complete by 2035, with the Indian economy only a little smaller than the US economy but larger than that of Western Europe. By 2035, India is likely to be a larger growth driver than the six largest countries in the EU, though its impact will be a little over half that of the US.

India, which is now the fourth largest economy in terms of purchasing power parity, will overtake Japan and become third major economic power within 10 years.

According to Goldman Sachs Global Research, India will be the second largest economy in the world, ahead of the US and next only to china, by 2050.[*]

[*] Dinesh Narayanan, The Times of India, January 25, 2007.

In short, the GDP growth rate in India in recent years has been rising at a rate, which is distinctly higher than the rate of population growth and this has enabled us to have some accumulation of capital and also a little improvement in per capita consumption.

However, there is a room to increase economic growth rate up to 9% to 10%. Some of the obstacles are listed below which should be overcome in order to achieve 9% to 10% economic growth rate.

- Poor Infrastructure facilities
- High Growth Rate of Population
- Problem of Rising Prices
- Poor Performance of Public Sector Enterprises
- Economic Inequalities
- High Poverty Ratio
- High Level of Illiteracy
- Poor Performance of Agricultural Sector
- Strong Hold of Customs and Traditions
- Lower Level of Saving and Investment
- Political Instability
- Frequent Changes in Economic Policies
- Slow rate of Urbanisation and Industrialisation
- Under Utilisation of Capacity in Industrial Units
- Corruption and Malpractices

Some of the main problems that need to be tackled by policy-makers today in order to reach 9% to 10% economic growth rate

- Reasons for low industrial growth

Industrialisation has a major role to play in the economic development of the underdeveloped countries. In fact, in modern times, industrialisation has come to be regarded as synonymous with economic development. The essential criteria to distinguish a developed economy from an underdeveloped one relates to the level of per capita income, share of industry in gross domestic product and proportion of working population engaged in the industry. Normally speaking, in developed countries per capita income is at a higher level, share of industrial sector in gross domestic product is quite high and high proportion of its labour force is found to be engaged in industry sector compare to the underdeveloped countries.

At the time of independence, Indian industry was utterly lacking behind. This lacking of industrial sector in India may be well judged from the fact that the industrial out-put in 1948-49 was 6.6% of the total national income. The total labour force engaged in this sector was hardly 24million over the same period. But it has been our good luck that the country has made tremendous development in the field of industry since the introduction of five years plans.

Right now almost 25% of total population is engaged on industrial sector and the share of industrial sector in national income is almost is 25%.

From the index of growth rates of industrial production, it becomes evident that the performance of the industrial production during 1993-94 to 2002–03, which is generally identified as a period of wide- ranging reforms in the industrial sector, was not up to the mark. It failed even to equal the performance observed in the eighties, not to speak of improving the performance as a consequence of the reform process in the nineties.

No doubt, today industrial growth is very high, it is almost 9% to 10% but till today industrial sector is facing some problems and due to this problems industrial growth rate is not up-to the mark. Following are the reasons for lower performance of industrial sector.

- Problem of Finance
- Problem of Raw Materials
- Mismanagement
- Low-level of Technology
- Problem of Marketing
- Low Productivity of Labour
- Competition of Large Scale Industries
- Competition from Multinational Companies
- Problem of Innovation
- Failure of Power
- Problem of Transportation
- Sick Industrial Units
- Under utilisation of capacity
- Government controls and heavy excise duties
- High cost of production
- Faulty Government policy
- Cost escalation and rigid prices

Due to problems listed above, industrial growth rate during nineties was not up to the mark. Government can further increase industrial growth rate by solving the problems of industrial sector. There is also potentiality to increase our industrial exports.

- Reasons for low agricultural growth

"The Agricultural development is not merely a tool for achieving food self-sufficiency, but is the most feasible and speedy method of economic growth."

--M. S. Swaminathan[1]

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[1] Datt, Ruddar and Sundharam, K.P.M. (2006): *Indian Economy,* S. Chand & Co. Ltd., New Delhi.

"Agricultural development is central to economic development of the country."

--Tenth Five-Year Plan[2]

Indian economy is still considered as an agrarian economy. Agriculture is the largest and the most important sector of the economy it forms its backbone and is a key to country's economic prosperity. The significance of agricultural sector can be best explained by considering the role of agricultural under different heads.

Till today almost 60% people of total population is engaged in agriculture.

Share of Agriculture in National Income is almost 26%.

According to World Bank Report, India is the second largest rice and wheat producing country in the world and first in the case of tea, sugar, milk, fruits ghee and butter. Several industries are depended to agriculture such as cotton textiles, jute, sugar, tea, fertilisers, pesticides, agricultural machinery etc.

The proportion of agricultural goods, which are exported, may amount to 50% of our exports, and manufactures with agricultural content (such goods as manufactured jute, cloth and sugar) contribute another 20% or so; and total comes to 70% of India's exports.

Share of agriculture in our total exports earning is about 20%

In fact, when we compare carefully the average annual yield of different crops, we find that the average yield in India generally ranges between 30 to 50 per cent only of the highest average yield in the

[2] Datt, Ruddar and Sundharam, K.P.M. (2006): *Indian Economy,* S. Chand & Co. Ltd., New Delhi.

world-this shows the enormous scope for, as well as challenge to India to increase its annual yield. It will be useful to analyse the factors responsible for backwardness of agriculture. An understanding of these factors will help to appreciate the lines of action adopted by the Government to tackle the agriculture problem.

- Traditional Techniques of Production:-

  Mechanisation of agricultural sector increases the production and reduces the cost of production.

  Traditional agriculture relies heavily on indigenous inputs such as the use of organic manures, seeds, simple ploughs and other primitive agricultural tools, bullocks, etc.

  Generally, farmers do not use modern technology, such as tractors, thrashers, cutters, pump sets, harvesters etc. due to lack of money.

  In Western countries, particularly the U.S.A., Canada, Japan, Australia where extensive mechanisation of agriculture has taken place, agricultural productivity has been raised manifold.

- Inadequate Irrigation Facilities:-

  Out of the total agricultural land only 33% agricultural land is getting irrigation facilities. According to Dr. V.K.R.V.Rao, “Our agricultural production will be double, if we are success to provide 100% irrigation facilities.

- Inadequate Inputs:-

    Inputs, such as seeds, manure, fertilizers, pesticides, insecticides and agricultural machinery etc. It is to be said that improved seeds can increase about 10% to 20% agricultural productivity.

    In India, use of fertilizers on agricultural land was only 102 k.g. per hectare while it was 429 k.g. in Egypt and 320 k.g. in Japan.

- Size of Holding:-

    A study of operational holdings in recent years reveals that about 58% of the holdings are of less than one hectare and therefore have been categorised as uneconomic.

    The average size of holding in India is very low, less than 2 hectares or 5 acres, while in Australia the average size of holding is 775 acres and in U.S.S.R., it is 600 acres, America it is 168 acres.

- Agricultural Finance:-

    Till today, farmers have to depend up on the village moneylender and have to pay high rates of interest.

- Inadequate Non-farm Services:-

    Non-farms services include marketing, processing and storage, transport and communication, roads, electricity, veterinary services etc. Indian agricultural has suffered for long due to inadequacy of such non-farm services.

- Prices of Agricultural Products:-

Rapid and violent fluctuations in agricultural process have many harmful consequences. For example, bumper production of agricultural products may result in steep decline in prices of agriculture products and it may affect heavy losses to farmers. If production comes down in that case also farmers' income will decline.

- Overcrowding in Agricultural:-

The real problem of Indian agriculture is that there are too many people who depend on agriculture. It is to be said that almost 60% people of total population is engaged in agriculture. In developed countries this percentage is very small, in America only 2% to 3% people of total population is depend on agriculture and in France only 7% people is depend on agriculture.

- Discouraging Rural Atmosphere:-

The social structures in rural areas are extremely rigid. The Indian farmers, generally speaking, are poor, illiterate, ignorant, superstitious, conservative, and bound by outmoded customs and institutions.

Agricultural investment has fallen from an already very low 1.9 per cent of the Gross Domestic Product (GDP) in 1990-91 to 1.3 percent in 2003-04. (Economic Survey 2004-05*,* p. 184) Thus a sector, which still accounts for 21-22 per cent of GDP accounts for just 5.7 per cent of total investment.

Direct credit to agriculture fell from 13.8 per cent of net bank credit in June 1990 to 7.2 per cent in March 2003 (RBI, Basic Statistical Returns; see Aspects no. 36 & 37, p. 36).

Output growth has plummeted during the period of “reforms”: annual average growth of agricultural production fell from 5.2 per cent during the 1980s to 1.8 per cent during 1994-95 to 2003-04 (Reserve Bank of India, *Annual Report*, 2003-04).

Agricultural income per capita of rural population grew (in real terms) at less than 0.9 per cent a year during the 1990s, as compared to 1.6 per cent a year during the 1980s. Reports of starvation deaths in Maharashtra, Orissa, Rajasthan, West Bengal, and Madhya Pradesh, and thousands of suicides of indebted peasants in eight or more states, were expressions of this much more widespread crisis.

- Reasons for low export growth rate

At the eve of independence, India’s share in the world trade was 2.2 per cent that has fallen down to 0.6 per cent in the year 1995 – another even when she became the founder member of the WTO. This share rose to .9 per cent in the year 2003; but despite all efforts she could not attain the target of 1 per cent that is sought for.

There was a significant deceleration in India’s export growth during the post-WTO period. On an average basis, India’s exports in this period increased at the rate of 10.72 per cent per annum, which was lower than 12.25 per cent achieved in the pre-WTO period. India’s import bill surged up at the rate of 12.08 per cent per annum during the post-WTO period. This rate was higher than that for export in the same period and far above the rate of growth in imports of 8.27 per cent per annum in the pre-WTO period. As a result, India’s trade deficit more than doubled in the post-WTO period rising to $8.3 billion from an annual average of $3.6 billion in the pre-WTO period.[*]

[*] Wahab, Abdul, “India’s Exports under the WTO Regime: An Assessment”, 88th IEA, Annual Conference Volume, Part – I, pp. 11-21.

Deceleration in the rate of growth of India's exports under the post-WTO period could be attributed to both domestic and external factors. At the domestic level India has not been able to remove completely the supply constraints in the forms of procedural and bottlenecks, distortions in product and factor markets, and infrastructural shortages, as well as slow growth rate of agricultural sector. Externally, exports have suffered due to the persistence of protectionist sentiments in the developed countries in the guise of technical standards, environmental and social concerns, tariff escalation and tariff peaks. Such barriers have been particularly stiffer in areas where India has a comparative advantage such as agriculture, textiles and leather products.

All these suggest that in order to infuse a sense of dynamism into the export sector and maximize the export earnings on a sustained basis in future an effective export strategy will have to be evolved.

- Reasons for low employment growth rate

Over the past two decades and particularly during the 1990s the Indian labour market has witnessed several disquieting features. First, the growth of employment has shown a downward trend. As revealed by the results of the 55th round of the National Sample Survey Organisation (NSSO), there has been a sharp decline in the growth rate of employment (UPSS) from 2.04 per cent year in the period 1983 to 1993-94, to only 0.98 per cent in the period 1993-94 to1999-2001. Although this deceleration in employment is accompanied by an equally sharp decline in the rate of growth of labour force from 2.29 per cent in the period 1987-88 to 1993-94, to only 1.03 per cent in the period 1993-94 to 1999-2000, there is no doubt that the employment growth has been inadequate the growth rate of employment is less than the growth rate of the labour force indicating an increase in the unemployment rate. The employment elasticity (ratio of employment growth rate of GDP growth rate), mainly due to increasing capital intensity, has considerably declined over the years and more so after the Liberalisation and globalisation of the economy- it declined form 0.41 during 1983-84 to as low as 0.15 during 1994-2000-indicating a sharp decline in the employment absorption of the economy. When seen in terms of sectoral distribution, it is observed that the deceleration in the employment growth during 1994-2000 is basically due to the stagnancy of agricultural employment as compared to the period 1983 to 1994 when agricultural employment grew by 1.5 per cent per annum. Another sector, which has stagnated, is the community, social and personal services.

Moreover, Globalisation has accelerated the process of proletarianization of labour. The problems of unemployment, casualization, lower wages, and part-time jobs, less or no security in jobs has manifested themselves in a much greater degree. Consequently, a process of cost cutting has pushed up the share of capital in value added. Raising productivity by downsizing is only denominator management of productivity. A higher profit has been the result of exploitative efficiency, rather than basing globalisation on enlarging growth opportunities for both the management and labour. The bargaining power of trade unions has been considerably reduced and they are accept ‘concession bargaining’, instead of ‘collective bargaining’ earlier resorted to resolve labour disputes. To save the workers from job losses, the trade unions are forced to accept cuts in wages and salaries, freezing of dearness allowance and other benefits, a higher share of casual labour in employment, voluntary suspension of trade union rights for specific period, agreeing to the commitments of modernisation and consequent reduction of labour force.

- Reasons for low FDI

FDI plays a pivotal role in the economic development of the country. FDI inflow is not just a bundle of non-debt creating capital, it also brings along with it knowledge, latest technology, product design, global managerial skills, quality characteristics, brand names and channels for international marketing of the products, exports, employment growth rate etc.

Today, economically backward countries can not achieve the pace of economic development with their own resources. In developing countries, domestic resources are inadequate to meet the financial requirements of economic development. The present level of capita formation of these countries is too low and any substantial increase in saving is not possible due to extremely low level of income and widespread of poverty. Public borrowing and taxation have got their own drawbacks. Deficit financing is also discarded because of its inflationary impact on the economy. At this critical juncture, the only alternative to pull the economy out of vicious circle of poverty remains imported capital. Thus, foreign capital is gainful for the acceleration of growth mechanism in developing countries. In fact, it is a supplement to meagre domestic savings of less and backward economies.

If we roll the pages of economic history of various countries, we will be convinced that almost every advanced country of the modern world had to rely on foreign aid for speeding up the pace of economic development. England borrowed form Holland. The United States of America, now the richest country in the world, borrowed heavily.

According to CII-AT Kearney survey 2005 “India is the top FDI destination in terms of high return on investment enjoyed by the foreign investors.”

According to AT-Kearney India is the third most attractive FDI destination in the world.

According to World Bank India is on of the top 10 reformers to attract FDI. In the financial year 2004-05 India received $ 14bn.

FDI inflows into India come from MNCs mostly in the sectors like engineering, electronic goods, food and dairy products, chemical and allied products and services etc. FDI inflows into India come from selected countries like Japan, Italy, Germany, South Korea, United States and Netherlands.

No doubt, there is an improvement in the FDI receipts, but when compared to China, it is only the one-tenth of the receipts of china. Srivastava (2002) termed India as an “underachiever” in securing FDI.

China opened up to FDI in 1980, while India did the same in 1990. Both India and china are large countries with population of more than one billion each, but china is ahead of India in terms of FDI attractiveness. China’s FDI comes from countries like Taiwan, Macao, Singapore, and Hong-Kong.

India is lagging behind to attract FDI due to couple of reasons such as lack of infrastructural facilities, corruption, slowness in bureaucratic decision making, poor consumer purchasing power, slow economic growth rate, the degree of openness of the market, existence of innumerable rules, regulations, procedures and interpretations, which damped the spirit of foreign investors.

Chinese government recognised the importance of FDI to the economy and so, offered attractive incentives to the foreign investors and gave almost a super-national treatment to foreign firms either by reducing or totally waiving taxes. It has set-up large “Special Economic Zones” and offered concessions and incentives to foreign enterprises.

Chinese government is investing heavily on infrastructure to attract FDI. India needs to develop the quality of physical infrastructure to attract FDI. Development of airways, waterways and highways is essential. A combination of public and private sector is needed in this area. Tax structure needs to be rationalized and the government will have to offer tax incentives to attract foreign investors. New sectors should be opened up for FDI.

India can influence the flow of FDI by focusing upon following issues:

- Political and social stability
- Rules regarding entry and operations
- Policies on functioning and structure of markets
- International agreements on FDI
- Privatisation Policy
- Tax policy
- Labour policy and laws governing employment
- Interest rates
- Exchange rates
- Inflation rate
- Quality of financial intermediation
- Availability of skilled labour at low cost
- Tax incentives
- Better infrastructure
- Favourable macro economic indicators.
- There has been a gradual decline in the number of Bilateral Treaties (BITs) and Double Taxation Avoidance Agreements (DTAAs) being signed between the countries. The developing economies should adopt an open trade approach.
- Redtapism, bureaucracy and corruption have to be curtailed. Appropriate agencies have to be put in place to prevent such instances.
- A single window system facilitating various clearances for starting of an industry must be in place.
- Signing of Free Trade Agreements (FTAAs) between the countries should be encouraged.

Step taken by India to attract FDI

India has realized the importance of FDI for economic development. Government of India through its dynamic policies is taking various initiatives for attracting FDI. They are:

- Increase in the FDI limits in Air Transport Services (Domestic Airlines) up to 49% through automatic route and up to 100% by Non Resident Indians (NRIs) through automatic routes. (No direct or indirect equity participation by foreign airlines is allowed).
- Foreign investment in the banking sector has been further liberalized by raising FDI limit in private sector banks to 74% under the automatic route including investment by FIIs.
- Foreign Direct Investment in Telecom has been raised to 74% subject to certain security measures. From August 1991 to August 2004, 92 proposals of FDI of Rs. 41,368 cr were approved. The actual FDI inflow of approximately Rs. 5,763 cr between January 2001 and August 2004 alone was about 56% of the total FDI flows in telecom since its inception in 1991. In terms of approval of FDI, the telecom sector is the second largest, after power and oil refineries.
- FDI in construction sector has been opened. Still some more sector vis-à-vis retail, mining and pension are under the consideration of the Government.
- A part of FDI comes from Non Resident Indians (NRIs), to oversee the difficulties faced by NRIs government has set up a separate NRI Ministry for facilitating hassle free investment procedure and clearances.
- Government is giving much importance to private-public participation to key infrastructure projects. The recent Union Budget 2005-06 provides in outlay for infrastructure development with participation form private sector.

- Indian IT sector is still most preferred compared to China. It is expected to remain much ahead in near future. As per National Association of Software and Service Companies (NASSCOM), the annual growth rates of India's software exports have been consistent over 50% since 1991; no other industry has shown such a growth. The government has understood the importance of IT industry and is taking several initiatives for development of IT industry. The Ministry of Information and Communication Technology is playing a proactive role in developing infrastructure needed for the industry. Passing of Information Technology Bill in 2000 paved the way of legal framework for recognizing electronic contract, prevention of computer crimes etc.
- Relaxation of repatriation norms for NRIs for their sources of Income in India will encourage the Indian expatiates to invest in India.
- Government has put in place a liberal, transparent and investor friendly FDI policy, wherein FDI up to 100% is allowed under automatic route for most of the sectors/activities, where the investor does not require any prior approval. Only notification to the Reserve Bank of India within 30 days of inward remittance or issue of shares to Non Resident Indian is required. Cases requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB) in a time-bound and transparent manner.

3. CONCLUTION:

Economic reforms of the 1990's in India have removed several constraints on economic growth, which is in itself an achievement. Besides, economic indicators show that we are one of the fastest growing economies now, with high savings and investment ratios coupled with a respectable level of productivity as shown by capital output ratio. External sector is also performing favourably through with reality low level of capital inflows. Furthermore current competitiveness index for India indicates an optimistic picture of our growth performance in the short run.

On the other hand, growth competitiveness index indicates a dismal picture in the future growth of per capita income. Infrastructural indicators relating to medium term prospects show that India scores poorly in terms of power-consumption or wastage of power. Also India is lagging in telecommunications and is the last in penetration of personal computers. No doubt we have a large pool of scientific personnel and engineers but at the same time in terms of number of persons and expenditure on research and development we are almost at the bottom.

Moreover, the long-term prospects for economic growth depend on the social well-being. We rank rather low in human development and high in human deprivation. Yet social spending in health and in primary education is relatively very low and actual delivery of services (both by Government and private sector) is also inadequate

NSS survey, in 1997, points out that more than 33 per cent of the population still could not have the required minimum daily calorie intake. During 1990-96, 19 per cent of the population did not have access to safe drinking water sources, 84 per cent did not have access to sanitation and infant mortality rate was 7 per cent.

Also, the acceleration in growth is confined to some regions or states while others continue to maintain relatively low level of growth. Public sector saving is close to zero. Size and cost of borrowing by Government is considerable. Second generation reforms aim at 9 per cent growth. Such a high growth will have meaning if it goes hand in hand with equity, compulsory education for all children below 15 years, health for all, intensive rural development, infrastructure development, enhanced R and D expenditure and activities and business culture in public enterprises.

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CHAPTER – 9
FINDING AND RECOMMENDATIONS

> "We must ensure that the global market is embedded in broadly shared values and practices that reflect global social needs, and that all the world's people share the benefits of globalisation".
>
> Kofi Annan,
>
> Former General Secretary, U.N.O.*

1. INTRODUCITON:

The economic crisis of 1991 provided a real turning point for the Indian economy. The external payments crisis was the immediate impetus for forcing reforms, but more important perhaps, the major changes in the international system had by then cast a rather unfavourable light on India's approach to international trade and investment.

If the collapse of the Soviet Union was a shock of one sort, China's spectacular reform-driven growth after 1978 was incontrovertible evidence of what could happen when a country abandoned a planned economy in favour of greater market reliance internally, and greater engagement through international investment and trade with external powers. The 1991 crisis forced the Indian political establishment to embrace reforms quite simply because the status quo was not viable. While the first emphasis was to tackle the macroeconomic crisis, success in that arena also paved the way for reforms of domestic industrial investment policy, foreign investment regulations, and foreign trade.

Since the dark days of 1991, India has come a long way. It has healthy foreign exchange reserves (despite high levels of domestic debt), a booming software and services export market, and a burgeoning knowledge economy. Clearly India has tremendous potential to benefit from globalisation, but there is also consensus that the challenges

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* Quotes, *Effective Executive,* The ICFAI University Press, December (2006), pp.4.

confronting Indian development are substantial, even daunting. India remains handicapped by enormous infrastructure and institutional (labour and capital) constraints. The question is not whether India has not begun to produce an impressive record in growth, employment, and poverty reduction, but rather how to overcome the obstacles impeding even faster progress, as the global economic system becomes increasingly competitive.

On the trade side, India is being called upon to break with its historical ambivalence towards engagement, and use trade negotiations to improve its position. India did not succeed in halting the launch of a new round of negotiations in Doha, and its pro-globalisation friends now call upon it to use the Round to make progress on a positive agenda. India, they say, should be pushing to maintain liberal market access and circumscribe the anti-globalisation agenda of expanding the scope for trade sanctions into areas such as human rights, labour and environmental standards. India should strengthen the multilateral trading system, rather than champion trade regionalism, and it should join other developing countries in reforming WTO decision-making procedures.

As one surveys the period since 1991-92, it is clear that the economy has shown distinct improvement in several areas. The broad philosophy of promoting a competitive environment must be pursued. At the same time, if the growth momentum is to be maintained, some areas need focussed attention.

2. FAIR GLOBALISATION AND THE NEED FOR POLICY FRAMEWORK:

Outlining the objectives of globalisation, ILO Report states that - “Our primary concerns are that globalisation should benefit all countries and should raise the welfare of all people throughout the world. This implies that, it should raise the rate of economic growth in poor countries and that it should not increase inequalities or undermine socio-economic security within countries." In that sense, the world should move towards more "humane globalisation."

This is a realisable vision. The resources exist to overcome the most pressing problems of poverty, disease and education. Mahatma Gandhi put it very simply: "There is enough in the world for everybody's need, but there cannot be enough for everybody's greed."

However, globalisation has not worked for the interests of the world's poor. It has led to increase in inequalities across the countries as well as within the countries. It is not working to sustain environment. The transition from communism to market economy or from highly regulated states to market economy has been so badly managed that, but for China, Vietnam and few other countries in Eastern Europe, poverty has soared as incomes have plummeted. The fault does not lie in globalisation, but the way it has been managed. ILO Report sums up the global, while social and political institutions remain largely local, national or regional." The rules of world trade largely favour the rich and powerful countries and more often work against or ignore the interests of poor or weak countries.

The ILO Report recording the perception of globalisation mentions: "In India, the message was more mixed; there had been winners and losers. The lives of the educated and the rich had been enriched by globalisation. The information technology (IT) sector was a particular beneficiary. But the benefits had not yet reached the majority, and new risks had cropped up for the losers-the socially deprived and rural poor. Significant numbers of "non-perennial" poor, who had worked hard to escape poverty, were finding their gains reversed. Power was shifting from elected local institutions to unaccountable transactional bodies." (WCSDG, 2004. p.17) Obviously, such a perception of globalisation needed remedial action so that it could fulfil the objectives given above.

The highest policy must be gives to policies to meet central aspiration of women and men for decent work, to raise the productivity of the informal economy and to integrate it into the economic mainstream; and to enhance the competitiveness of enterprises and economies. So far globalisation has helped to create an increasingly global economy, but is has not succeeded in creating a global community with commonly shared goals. Thus, there is a need for a more fair and inclusive globalisation.

- **Macro-Economic and Employment Generation Policy**

  Under globalisation, macro-economic policy has been emphasising acceleration of growth rates and it was presumed that employment generation would be a concomitant of growth. But unfortunately, this did not happen. Whereas the GDP growth was of the order of 6 percent during 1993-94 to 1999-00, employment growth slumped to level of 1.0 percent per annum. It may be noted that during the ten – year period (1983 to 1993-94) employment growth rate was of the order of 2.0 percent per annum with relatively lesser growth rate of GDP. In the period following liberalisation and globalisation, whereas the expansion of public sector employment was restricted due to the scheme of voluntary retirement and down sizing, private sector investment failed to fill the gap. Consequently, total growth of employment suffered a decline.

  Agriculture, which employed 60.4 percent of the labour force in 1993-94, accounted for only 56.7 percent in 1999-00. During 1993-94 and 1999-00, the employment growth rate in agriculture was barely 0.02 percent. Thus, the major source of employment, that is, agriculture, became dry. It had an impact on non-farm employment also, since agriculture plays a dominant role in the creation of employment, public sector investment in agriculture will have to be revived so that infrastructure required for irrigation and water management, credit and marketing is strengthened. In India, it is vitally necessary to tap the high potential in agriculture by directing investment in backward regions. In rural sector, the potential for non-form employment in agro-industries like food processing. However, care has to be taken that big multinationals are not allowed to appropriate a high level technology and thus, reduce the scope for enlarging employment. The job can be entrusted to indigenous medium-sized industries and /or co-operatives. There is a strong need to provide adequate credit, appropriate technology, marketing and other support for the purpose.

- **Improving the Productivity of Employment**

In India, open unemployment is very small. The major problem of the India economy is under-employment. Out of the total unemployment of 7.32 percent, open unemployment was of the order of 4.41 percent. It is very necessary that work should be provided to the already unemployed and new entrants to the labour force, and for this purpose, employment strategies have to be woven within the growth strategy. But bulk of the under-employed, especially those who are severely under-employed, are living below the poverty line. Employment generation programmes like the Jawahar Rozgar Yojana and the Prime Minister's Gram Rozgar Yojana, do help to reduce under-employment. In that sense, these programmes do have a role in poverty reduction. There is a need to make these programmes better targeted so that the poor are helped in a genuine manner. But a more important action needs to be taken in integrating the growth objective and the employment objective. Though this is not an easy task to accomplish, yet it is vitally necessary. For this purpose, it would be desirable that those sectors of the economy which have relatively higher employment elasticises should be promoted. A judicious mix of sectors with high employment potential and those with moderate or low employment potential should be made.

Care, however, has exercised that the country does not end up with the outcome of 'jobless growth'. Economists believe that with appropriate policies, higher output growth and higher employment growth objectives can be simultaneously furthered. This will also raise the productivity level of the economy, which can have a positive and significant impact on poverty reduction.

- **Balanced Regional Development**

Most of the poor live in backward states. For instance, out of 260 million poor India in 1999-00. 165 million (63.4 percent) were living in 5 states, viz., Uttar Pradesh, Madhya Pradesh, Bihar, Orissa and Maharashtra. At the same time, the rates of growth in these backward and poor states were lower than in the forward and richer states. Consequently, regional disparities widened and became a matter of grave concern. Moreover, these states were not able to attract foreign direct investment, bank credit and mobilize funds for infrastructure development. Left to the mercy of market forces, regional disparities will wider still further. Since these states have a larger population dependent on agriculture and living in rural areas, development strategy has to make a concerted effort to bring about agricultural modernization, rural industrialisation and rapid human development (education, health and skill development). Basic infrastructure services like transport and communications, provision of electric energy have to be extended to remote rural areas. Besides this, public and private sector investment has to be promoted to increase irrigation facilities and water management. For instance, the development of minor irrigation is Eastern India and watershed management in Central India coupled with better extension services can definitely help to improve the productive capacity in agriculture. If programmes of rural industrialisation support it, it can have beneficial affects on both employment and growth rates. This can also lead to expansion of industries and services gradually. But huge investments are required for the purpose, which the backward states cannot manage. Obviously, the much needed resources for infrastructural development. Once infrastructures are in place, it would be possible to attract private sector investment. Such a vision of development of backward states would help to achieve the goal of balanced regional development and lead to reduction in regional disparities.

- **Social Sector**

Human capital formation helps in promoting capabilities of the people so that they can reap the benefits of globalisation. For this, a country must increase its expenditure on education, health and poverty alleviation programmes. In case, the entire responsibility for financing health and education has to be borne by the individual, then left to the market forces, only the rich will be able to acquire human capital and the poor, by and large, will be excluded. Globalisation has further increased the need for acquiring skills, because the main drivers of globalisation are the multinationals that use latest high level of technology. To save the poor from exclusion from the benefits of globalisation, it is necessary for the state the increase public investment in social sector. At present, India spends 3.74 percent of GDP on education during 2003-04. Need it be mentioned that during 1990s practically the same level of public expenditure was incurred on these two major items pertaining to human capital formation. But to provide quality education and health, a much larger amount should be spent. It is now well documented that human development is conductive to economic growth. Therefore, it is vitally important that to promote an integral approach to development, a much greater effort in terms of both monetary and non-monetary resources has to be made so as to promote employment growth and social security, education and health and an effective poverty reduction programme.

- **Raising the Productivity in Informal Sector**

In most developing countries, the informal sector is a major source of employment. It consists of small manufacturing enterprises, services or vending in urban areas, domestic work and agricultural work on small plots of land. In India, it is also referred to as unorganised sector. The unorganised sector provided 63 percent of Net Domestic Product, but provided employment to 93 percent of workforce. The forces of globalisation and liberalisation have focused attention only on the organized sector from the beneficent effects of globalisation. ILO Report mentions: “While some informal workers provide low-cost inputs to global production systems, the majority are excluded from the opportunities of globalisation and confined to restricted markets.”

The goal must be to make these informal activities part of a growing formal sector that provides decent jobs, incomes and protection and can trade in the international system. This will be an essential part of national strategy to reduce poverty. This implies that the assets of informal sector are increased, their technology improved and biases against this sector in the policy are removed. A greater access to public infrastructure can also be very helpful. All this should be intended to raise productivity of the informal sector and shift informal activities to the formal sector.

- **Promotion of Skill Development**

New technologies are overtaking the earlier ones at a very fast rate. The situation of short-life-cycle of modern technology necessitates retraining of the existing employees and skill development of new entrants to the labour force. For this purpose, it is essential that new institutions be established to meet the growing needs of the market. These institutions, set up by the state, should be totally free from bureaucratic control so that they redesign the training programmes. Universities should also re-orient their courses to meet the needs of market. They should promote university industry partnership in designing new courses.

The government has realised the need for skill development and set up a number of institutions. Similarly, private institutions have also been set up to impart training in computer courses, various kinds of management courses, technical courses etc. but the fee charged in private institutions is very high and as a consequence, the poor and lower middle classes to acquire training, the State and some socially motivated NGOs have to play a part so that younger boys and girls belonging to poorer section of the society are enabled to develop their skills and rise up in the income ladder. The Government should pump in more resources for the purpose, which it has not done so far.

- **Organisations of the Working Poor**

To save labour from the exploitation by Indian capitalists and MNCs, the voice of labour should be heard both by the government and the employers. The weakening of trade unions has weakened the collective bargaining of labour. Moreover, trade unions have so far been limited among workers in the organised sector. Only recently, they have started paying attention to unorganised labour. The trend to create occupation-based trade unions should be strengthened, since the goal of decent work is still more difficult to achieve among them. So far, this major component of labour has not benefited from liberalisation and globalisation. Rather, by providing low cost labour inputs, they have helped exporting firms to appropriate more profits. Instead of having a conflict-ridden production, a harmonious structure should be evolved in which government, trade unions and employers are considered partners in production. Such a structure would be more conducive to the development of fair globalisation.

- **Agricultural Sector**

Mention was made earlier of the problems arising from the slow down in agriculture. A comprehensive agricultural policy encompassing a higher level of public investment, a shift from revenue expenditures to investment, consolidation of holdings, a proactive programme to foster exports, intensified agricultural research to raise yields and evolving a better cropping pattern needs to be though of. Growth in agriculture has several implications for the economy. It leads to a reduction in poverty, a greater expansion in employment and a more broad based growth.

- **Infrastructure Development**

An important constraint over growth can be infrastructure availability. Future infrastructural investment needs are expected to large, because of the demand created by economic growth, rising population, rapid urbanisation as well as the need to make up for the backlog.

There has to be a significant increase in investment in social infrastructure. Education and health must receive priority attention. The universal primary education is a goal, which is still to be achieved. In fact, the very purpose of liberalisation is to reduce the role of the state as an entrepreneur and direct investor and expand its role in areas such as social infrastructure, where state alone can play a dominant role. It is also to be noted that better education and health are a function of not only levels of expenditure but also the efficiency with which such expenditures are incurred.

- **Public Sector Efficiency**

Public sector will continue to dominate the economy in several important sectors. Even as attempts are being made to disinvest wherever feasible, there is no doubt that we must pay adequate attention to improving the functioning of public sector enterprises where their presence is essential. Many committees and commissions have studied these problems. It is high time that a policy package is put together and implemented for bringing about a significant improvement in the efficiency of public sector enterprises.

- **Population, Poverty and Economic Growth**

The most disturbing feature of India’s development today is its rapid rate of population growth. Consequently keeping per capita income growth rates at low levels. Subsequently, the absolute number of people below the poverty line is actually increasing rather than decreasing. Measures to curb population growth, to set up the rate of economic growth and to ensure equitable distribution of the benefits of growth is a formidable task.

India’s future development strategy needs to be so devised as to achieve a better balance between the three factors of population, economic growth and social justice in the form of a more equitable distribution. An improvement in the standard of living is perhaps the only unmatched incentive for family planning.

- **Technology, Research and Development**

Technology and R&D will emerge as the most critical resources in the next century. As India strives to integrate with the global economy, its success in globalisation will crucially depend on the kind of technology, research and development that its corporate sector is exposed to. Innovation and experimentation towards this will not only cut down costs and improve quality but more importantly, in a globalisation economy will also make products more competitive in the export markets thus serving to reduce the deficit in India’s balance of payments. At the same time, when technology introduces a new product, the manpower engaged in its production represents a net gain on the employment front.

- **Development of Indigenous Technology**

Just to increase the share of heavy manufactures in the total exports in future, there is need to develop and use indigenous technology. While it is desirable to have the best and most appropriate technologies from wherever available, in the long run it is necessary that domestic capacity is developed in respect of heavy manufacturing sector. Since much of Indian industry in the manufacturing area has become out of date and obsolete, there should a shake out. As such, restructuring in the form of acquisitions, takeovers and even closers will have to be effected in the future. Not only this, the focus on Research and Development and also on the development of world-class technology shall be a new agenda for Indian industry for the third millennium.

- **Improve Competitiveness of Indian Corporate Sector**

Just to penetrate in the world market, Indian corporate sector has to improve its competitiveness. It is said “Industry is coming into an era where brain power is likely to be more powerful than brawn power”. If it is true, then India is really at good terms because of its finest and most globally competitive human resources and skills. What is required is to prepare global leaders in all areas of industry. The success achieved in the area of software and IT may be an eye-opener. Indian corporate sector should make efforts to assess cots, productivity and quality of commodities in competition to foreign companies. To compete with foreign companies, they must have Action Plans to improve their performances.

In short, we should increase exportable surplus, through producing various commodities of international standard at competitive rate.

- **Trade Relations with African Countries**

India's trade relations with African countries will have to be enhanced. India is the threshold of Great Power status at the beginning of the 21st century. With good trade relations with the USA, India is expected to surge ahead in trade and industrial relations with African countries to a greater extent. Political happenings also suggest that India should have good economic and political relations with these countries.

- **Fiscal Measures**

Fiscal consolidation is a necessary prerequisite for sustained growth. The finances of the State Governments are particularly under greater pressure. The appropriate level of fiscal deficit has a relationship to the level of household saving and more particularly to the savings in financial assets. Even as of now, very nearly the whole of the household savings in financial assets is appropriated by the public sector. There is validity in the argument that Government expenditures should shift in favour of capital expenditures. Unfortunately, the trend has been in the opposite direction containing the growth rate revenue expenditures has become essential. In a developing economy like India, where a significant proportion of people remains poor, subsidies are an essential component of Government expenditures. However, they need to be targeted appropriately, so that they accrue only to the deserving. We must make an effort to evolve a consensus on how to deal with subsidies, user charges and reducing revenue expenditures. This is indeed the task of the political managers of the economy. With different parties in power in different States, it should be possible to achieve a degree of consensus on this issue of fiscal prudence.

- **Stability on Policy**

Efforts should be made to ensure stability on our policy. Although we are used to change rates regularly for the next coming years, the Policy of stability is must for the second investment in the economy. Some countries like Philippines and Thailand are following the policy of stability in custom duties by finding the periods of fifteen years and five years respectively. It seems that policy of stability injects the flow of sound investment in the economy.

- **Bureaucratic Control**

Bureaucratic control should be minimised as far as possible to give diplomatic structure to the public enterprises in India. It must be associated with the object of globalisation.

- **Political Stability**

Emphasis should be given on political stability and social harmony. Foreign investment cannot increase unless they feel political stability in the country. At the stage of political turmoil, they show less interest to invest in the country. Political parties should also make attempts to bridge the differences between themselves on the question of globalisation to compete the economy at the international level.

- **Areas of Factor Endowments**

Attempts should be made to explore areas in which India has rich factor endowments. Once it is done, an integrated strategy must be framed out. In the context of Indian interest, they should co-operate with each other and the government. The best example is Ministry of International Trade and Industry of Japan, which makes plan in collaboration with industries.

- **Encourage Non-residents of India**

  Emphasis should be given to encourage non-residents of India in comparison to Multinational Corporations. Non-residents retain the earning being the citizen of the country and become willing to settle somewhere in the country.

3. LIMITATIONS OF THE STUDY:

The following are the main limitations of this study:

1. This study does include the effects of globalisation on primary sector.

2. This study includes the effects of globalisation on secondary sector

3. This study does include the effects of globalisation on tertiary sector.

4. This study includes the effects of globalisation on overall economy viz., impacts on economic growth, employment, poverty, foreign reserve, balance of payment etc.

5. The study is related only with the Indian economy.

6. Out of liberalisation, privatisation and globalisation (i.e. economic reforms), study focuses upon only the impacts of globalisation on Indian economy.

7. The study compares the pre-globalisation period (1980-81 to 1990-91) with post- globalisation period (1990-91 to 2004-05) and examines the impacts of globalisation on Indian economy during the post globalisation period. But in this study does not include effects of globalisation after 2004-05.

8. Non –availability of required data.

4. FURTHER AREAS OF THE STUDY:

There is a wide scope for further areas of the study. This study does not cover banking sector reforms, financial sector reforms, labour sector reform, foreign trade sector reforms, educational reforms, etc.

Several changes are taking place in Indian economy after post-globalisation period (1990-91 to 2004-05), so it becomes very interesting to know the impacts of globalisation on Indian economy during this period of time.

5. CONCLUSION:

Clearly the lesson of Indian development experience is that monopolies whether of state or private sector do not lead to efficiency. The need to create, promote and sustain a competitive environment is absolutely essential. However, even as we do create condition for more effective functioning of the enterprises, some of the issues discussed earlier, such as emphasis on agriculture, social and physical infrastructure development, public sector reforms and fiscal consolidation need special attention. Both in the short and medium terms, the key to accelerating India's growth lies in raising the investment with high domestic demand component such as housing and roads may spur economic growth.

The foregoing analysis has outlined the policy framework for a fair globalisation, which should integrate the objectives of growth, employment and equity. The goal of decent work in the era of globalisation can be achieved only by reducing the adverse impact of globalisation on labour. Besides this, to reduce regional disparities, it would be necessary to strengthen public programmes of building social and economic infrastructure in backward regions. These programmes should be specially targeted to improve growth rates in agriculture which has so far been neglected or adversely affected by the high level of subsidies given to the farmers in developed countries.

Prof. John Haris, Director, Development Studies Institute, London School of Economics, speaking on 18th February 2005 in Chennai mentioned: Achieving growth with productive employment generation is the challenge India faces. India has been experiencing jobless growth over the last 15 years or so, which means a large number of people, have marginalised even as the economy has grown. Pitching for globalisation that is inclusive, Prof. Hariss said: “India has such a huge domestic market that it needn’t rely on the overseas market for growth, but realise that potential, people need to have incomes”. India should, therefore, endeavour to achieve synergy between employment generation and growth.

Prof. Bharat R. Shah has opined that we have no soft option, but government, policy makers and planners should formulate economic policy in such a way so that we can minimise the losses and maximise gains from globalisation.

At the end It is difficult to escape the conclusion that those countries that have chosen to make trade a pillar of economic growth have, indeed, grown more strongly and become more wealthy than those which have chosen a reliance on domestic markets behind protective walls. The proponents of a favourable link have a two-step argument; that trade promotes growth, and that growth reduces poverty. As illustrated by the work of several economists, the evidence for both these propositions as dominant tendencies is very strong in our post-second world war experience. It makes sense that stagnant economies cannot pull up masses of unemployed and under-employed poor into sustained, gainful employment and out of poverty.

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